FINANCIAL TIM



Vietnam conflict The market and the state



Turkey and Islam A time for

compromise

Rabbit killer The virus that escaped

Environment, Page 6

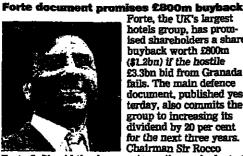


Austria's jobs for the boys

WEDNESDAY JANUARY 3 1996

Nato peace force

The Bosnian government yesterday accused Bosnian Serbs of abducting 16 civilians, giving the Nato-led force its first real challenge in enforcing the ambitious peace accord. The people were detained over the past week while driving through Ilidza, a Serb-held suburb of Sarajevo, using a route newly opened under the Dayton agreement, according to a statement from the Moslem-led govern-ment. Nato officials said they could not confirm reports of the kidnappings and suggested that it was a police matter. Page 10



hotels group, has promised shareholders a share huvback worth £800m (\$1.2bn) if the hostile £3.3bn bid from Granada fails. The main defence document, published yes terday, also commits the group to increasing its dividend by 20 per cent for the next three years. Chairman Sir Rocco

Forte (left) said the document was the equivalent of a prospectus for a new hotel company. Shares in Forte rose 12%p to close at 343p, while Granada shares fell 3p to 642p. Lex, Page 10; Page 11

Turkey's coalition talks stall: Bülent Ecevit, the leader of Turkey's largest leftwing party, has rejected Tansu Çiller's fitness to lead a new coalition government. Ecevit's moderate Democratic Left party holds the balance of power in coalition talks between Ciller and her bitter rival, Mesut Yil-maz. Page 2; Identity crisis, Page 8; Lex, Page 10

Incentive bids \$1.5bn for Gambro: Incentive, one of the Wallenberg empire's main industrial companies, launched a SKr10.3bn (\$1.5bn) bid to take full control of Gambro, a Swedish medical technology group it first bought into in 1994. Page

Renault chief faces investigation: Louis Schweitzer, chairman of Renault, has been placed under formal investigation in connection with a political wire-tapping scandal that dates back to the mid-1980s, the state-owned motor group said. Page 2

Britain to press China on HK bandover Britain's foreign secretary, Malcolm Rifkind, will press Chinese leaders to draw back from plans to dissolve Hong Kong's elected parliament and water down its human rights law, when he travels to Beijing next week. Page 4

Pressure on US prices stackens: The US economy is likely to grow sluggishly and experience little upward pressure on inflation, a national survey of executives has indicated. Page 4

China issues new B-share rules: China has issued its first rules on the listing and trading of hard currency B-shares in an attempt to consolidate and unify the national market. Page 10

Slow start for open market in repos: Banks and other businesses already active in UK govern-ment bond dealing vesterday dominated the first day of trading in the open market in gilt repos. Page 11; Lex, Page 10

The London Stock Exchange has issued new guidelines for industry regulators on the control of information which could affect the share prices of companies under their supervision. Page 5

UK rate cut expectations damped: Hints of stronger economic activity, coupled with growing market concern about the possibility of an early UK general election, damped expectations of an imminent cut in interest rates. Page 5

BTR disposes of Malaysian Joint venture: BTR, the UK industrial conglomerate, is withdrawing from the Malaysian petrochemicals industry.

Appeal over missing backpacker: UK police trying to trace Briton Jo Masheder, missing in Thaiind for nearly a month, stepped up their appeal for help from backpackers who recently travelled there. The 23-year-old solicitor was expected home at

Russian volcano erupts after eartinquake: A volcano erupted in Russia's far eastern peninsula of Kamchatka after a powerful earthquake measuring 7.2 on the Richter scale. There were no immediate reports of casualties or damage.

Cricket: South Africa were 44 for two at the close of the first day of the final test in Cape Town after bundling England out for 153. The first four matches in the five-test series were drawn.

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O THE FINANCIAL TIMES LIMITED 1996 No 32,872 Week No 1

Bosnia abductions AT&T to cut 40,000 jobs in demerger pose first test for

By Tony Jackson in New York

US telecoms giant faces \$6bn bill for sweeping reorganisation AT&T, the US telephone giant

which is in the process of demerging, is to shed 40,000 would split itself into a phone workers as part of a sweeping reorganisation which will cost \$6bn before tax. The company service company and an equip-ment manufacturer, and spin off its computer business, the former said it would take a charge of \$4bn net against earnings in fourth quarter of 1995.

AT&T said the job losses, the vast majority of which will be in the US, would include 30,000 involuntary redundancies. A voluntary redundancy package offered to 72,000 workers had been accepted by 6,500 by the closing date last Friday. AT&T said last September it

NCR. However, the job losses and financial charge are higher than Mr Rick Miller, chief financial officer, said the actions went a long way beyond splitting up the company. "We are taking the

opportunity to revisit our strategies and review our portfolios of businesses, he said.

Of the \$6bn total, \$3.8bn represents costs associated with the

demerger. The rest is due to sale, closure or write-down of other ses. The figures do not include a net charge of \$1.2bn for cutting 8,500 jobs in the computer business, taken in the third quar-

it will sell AT&T Capital and its Paradyne equipment subsidiary. Mr Miller said "other portfolio actions" were being contem-plated. Charges for disposals and associated write-downs would be \$1.5bn before tax, he said. Further charges of \$500m

would result from writing down some activities, such as AT&T's on-line software, which will be abandoned as AT&T moves to an Internet standard, and obsolete hardware such as microwave

Redundancies, which will cost \$2.6hn in total, will come both from existing central office functions and from the two new companies. Job losses in central func-tions will total around 10,000.

The phone services business will reduce sales, marketing and back office staff, and cut the

tors. The equipment company will centralise its management. plants and international sales

The total of 40,000 job losses includes the 6,580 velentary redundancies and some 4,000 employees who will leave on the

sale of subsidiaries.

AT&T said the effect would be to cut employment at the new phone services estimany by 17,000, or 13 per cant, so 110,000. The equipment company would

Employers urge

reform of German

AT&T had 300,000 employees,

At the start of this month

AT&T had 300,000 employees, ormpared to a peak of 317,000 four years ago. Including the job losses at the computer business, its total employment will shrink by around 15 per cent.

AT&T's shares rose \$3 to \$37% in early trading. The demarger, the most radical change to AT&T stuce its break-up by the US government in 1984, is prompted larsely by impending dereguent. largely by impending deregu-lation of US telecoms, allowing local and long distance compa-nies to compete with each other.

World stocks, Page 26



Austrian minister's Clinton in resignation boosts hopes for coalition

By Eric Frey in Vienna

The Austrian finance minister, Mr Andreas Starfbacher, resigned yesterday in a move expected to speed up the renewal of the coali-tion between the Social Democrats and the conservative Peo-

Mr Staribacher, a 38-year-old tax consultant, will be succeeded by Mr Viktor Klima, the transport minister, another Social Democrat. Mr Klima, 48, a former board member of the oil and gas group OMV, has a reputation as a good negotiator and deal-maker.

Mr Staribacher had been the favourity whipping boy of the People's party since he became finance minister last April. Party members accused him of incompetence and dishonesty over the size of the budget deficit.

A row over his budget propos-als, which relied heavily on new taxes and one-off gains from asset sales to trim the deficit, led the junior partner to walk out of the government and forced new

elections last month. But the Social Democrats posted the biggest gains at the polls, winning six more seats for a total of 71 in the 183-seat parlia-

The People's party gained just one seat to bring its total to 53. Mr Jörg Haider's far-right Freedom party lost two and now has

In the wake of his electoral victory, Chancellor Franz Vranitzky announced that he would keep Mr Staribacher in his cabinet, in spite of the opposition of the conservatives.

The sudden resignation is seen

as a concession to the People's

party. Its leaders have threatened

tial future chancellor. The Social Democrats and the People's party plan to begin talks

their budget proposals. They include sharp cuts in social

spending and a raising of the age

at which people can take early

Mr Staribacher said that he

would return to his tax consult-

ing firm, where he was a senior

partner before his short foray

After an election, the old minis-

ters usually stay on as a care-

taker government until a new

cabinet has been confirmed by

parliament. A change in a tempo-

During the campaign, Mr

Klima did well in a televised elec-

tion debate against Mr Haider and is widely touted as a poten-

rary government is unusual.

into politics.

Vienne's rads and blacks face soure to be whiter... this week. They said they would

seek agreement on the outlines of the budget for 1996 and 1997 before starting the actual coali-Mr Klima will need all his

negotiating skills to patch up the differences over economic policy with the People's party and trim Austria's fiscal deficit. Preliminary consultations between the parties last week showed that the federal budget has to be trimmed by Sch66bn

(\$6.5bn) if Austria wants to stay on track to meet the convergence criteria for European monetary union by 1997. Mr Staribacher's budget pro-posals, which were put forward last autumn, were still based on

the assumption that only

new bid to end budget panies said the pipes fractured se they that ded following a short impasse

By Jurek Martin in Washington

Mr Bill Clinton, US president, and congressional leaders of both parties were last night making their first attempt of the new year to resolve the budget se that has caused a 19-day partial shutdown of the federal government, the longest on

But there was little evidence that the principals have done more than skirt round the edges of their policy differences over issues such as the future of federal health insurance programmes and the size of the tex cut the Republicans insist can be included in a seven-year plan to

Several participants described protracted weekend sessions in the White House as friendly but little more than a policy seminar, with hard bargaining conspicuously absent. Some of the sharper exchanges were reportedly not between Mr Clinton and Senator Bob Dole, majority leader, and Mr Newt Gingrich, House Speaker, but between moderate Republicans anxious to compromise and conservatives disincined to eat deals:

The return of Congress today after the holiday recess adds point to the negotiations but may not necessarily further a solution, given the gulf between conservative Republicans in the House and the more moderate Senate. One weekend Republican proposal to put the government back to work, with the promise that the 280,000 laid-off federal employees would eventually be paid, predictably foundered in the Senate, where the Democratic leadership refused to

Continued on Page 10

Stres of water a day in the Nowcastle area. Page 5 Plotore: Pleatiers

people in the region who have bad their water supply out off because atures. One supplier, North East Water, estimated it was looked 82m. pay structure The unions yesterday rejected Mr Marmann's proposal outright, Mr Klaus Murmann, the leader of Germany's influential BDA describing it as "reactionary". The DGB union federation said employers' federation, yesterday reopened the heated debate about the three-pillar model amounted to a "reintroduction of manage-rial artitrariness". Among efficients of Mr Marthe way wages are negotiated, demanding that pay packets be determined less by sectural nego-

matin's proposal, the unions said tistions and more by corporate profits and individual perforthere was no mechanism to evaluate the performance of an individual worker. However, the BDA said the evaluation would be based on the

Proposing what he called a "three-pillar" system, Mr Murexisting dialogue between man-agement and works councils which are used extensively to mann said workers should be paid a basic sectoral minimum wage and this should be topped up with two extra elements. One would reflect the profits earlied Mr Murmann's proposal comes

as employers and unions prepare to meet Chancellor Helmut Kohl by the specific company and another the worker's own perforon January 23 for a seventh round of talks designed to find new methods of creating jobs. Meanwhile, the number of people "Harder-working people should get more money and lexier ones should get less," Mr Mulmann said in an interview with the out of work is edging upwards from 8.2 per cent of the workforce DPA news agency, apparently designed as the opening shot in this year's wage round, which is slowly gathering speed and norin November towards 4m. The debate about how wages

are structured in Germany was mally ends with a number of secsimmering throughout the recent toral wage agreements in March. Mr Murmann's comments come recession but it is likely to become fiercer again this year as the economy slows down unex-pectedly fast. In October, leading less than two months after the unions scered an unexpected public relations triumph with economic institutes forecast 2.5 their so-called "alliance for jobs' cent growth in 1996, but weeks ago several warned that whereby they would agree to wage rises in line with the inflathe economy would expand by tion rate this year on condition just 1.75 per cent. that employers create 300,000

Difficult balancing act, Page 8



new iobs over three years.

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to go into opposition if the Social Democrats do not accept some of Sch30bn would have to be chopped from the budget. CONTENTS FT/SP-A Wid Indicate. 28 Marraged Foreis _____ 2021 LANDON · LEEDS · ?ARS · PRANCENT · STOCKBOLM · NADAM · 正常 YORE · LOS ANODOS · TOKYO

صكذا من الأصل

Capitalist | tale of two cities in Russia

By John Thombill in St Petersburg

Ever since Tsar Peter the Great founded St Petersburg in 1703, the elegant northern city has competed fiercely for wealth and status with its earthier urban cousin, Moscow.

The competition was largely suppressed during the Soviet era but is re-emerging as Russia rebuilds its market economy and the country's biggest cities encourage the growth of two very different forms of

St Petersburg, founded as Russia's "window on the west", prides itself on its liberal values and openness. Moscow, which regained its status as the capital in 1918, has always championed a more introspective nationalist

Mr Anatoly Sobchak, St Petersburg's urbane mayor and hero of Russia's democratic movement for helping to face down the hardline communist coup in August 1991. has demonstrated St Petersburg's determination to raise its profile in international capital markets by issuing \$500m (£324.6m) of municipal bonds in 1996, some of which will be targeted at foreign investors.

Before the 1917 revolution, London and Paris to invest in urban infrastructure, transport, and housing. Mr Sobehak

is keen to revive the tradition. The mayor's message to St Petersburg's 5m residents is that the economy is recovering fast. Mr Sobchak notes that 70 per cent of the local workforce now works in the private sector and there are 200 banks in

the city. Views in the west about Russia are inaccurate. The impression is far gloomier than the reality," he said.

"The collapse of production here is a positive process, a sign of the improving health of the economy. Any economy in which 75 per cent of produc-tion is devoted to the militaryindustrial complex is abnormal," he said.

Mr Sobchak concedes that early attempts to attract foreign investment proved disappointing. But he believes in patience and sees his role as being an ambassador for the city and encouraging a more transparent investment climate. "We do not seek to maintain control over the companies and entrench monopo-lies but want to eucourage greater competition between banks and enterprises," Mr

This liberal approach is in striking contrast to the interventionism favoured by Mr Yuri Luzhkov, the populist mayor of Moscow. While Mr Sobchak appears in his element hosting St Petersburg's glittering cultural events, Mr Luzhkov prefers to be seen investigating Moscow's sewerage system or supervising ork on the capital's many

building sites. Mr Luzhkov's administration privatised companies far more selectively than in St Petersburg and has invested directly in dozens of projects and enterprises.

Even proud St Peterburgers admit that Mr Luzhkov's hands-on approach has so far been more effective in promoting capitalism, attracting as much as 80 per cent of the country's financial activities to Moscow.

But companies competing with Moscow's privileged com-panies allege that Mr Luzh-kov's system has left scope for

Although Moscow may have taken the early economic lead. Mr Sobchak is still hopeful that St Petersburg can recover lost ground.

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Schweitzer: probe over wire-tapping dating from mid-1980s

EUROPEAN NEWS DIGEST

French strikes hit car sales

December's strikes in the French public sector, particularly by transport workers, heavily dented car sales for the month, carmakers said yesterday. The CCFA trade body said the car sector was hit by the reluctance of consumers to spend in a period of uncertainty. The 18.4 per cent fall in December car sales was significant as, up to then, the French market had declined by no more than 0.5 per cent in the first 11 months. Meanwhile, underground train services resumed under police escort in the French Mediterranean city of Marseilles

yesterday, although some drivers continued to strike. The Marseilles transport strike over pay and working conditions is the last stoppage lingering after the crippling action against government austerity plans wound down a week before Christmas. A few private buses chartered by the city ran a skeleton service as bus drivers also remained on strike. Policemen protected train drivers who reported for duty from any attempt by the strikers to disrupt traffic, but no incidents were reported.

Rail unions in the eastern city of Strasbourg have warned they could go on strike again if they could not agree with management on wages lost during the December strike being spread out over a longer period.

German chemical sector caution

German chemical manufacturers said profits rose in 1995, but earnings growth may slow in 1996. "Pre-tax profit increased sharply in 1995," said Bayer in a survey on companies' expectations published by the daily Börsen Zeitung.

Bayer said its pre-tax profits rose by 39 per cent in the first nine months of the year, and it expects a "figure in excess of DM4bn (\$2.7bn) for the whole year". However, "our forecast for 1996 is more muted", it added.

BASF said: "Earnings have increased significantly over 1994 levels", because of the worldwide economic upswing, strict cost management, increased internationalisation and the expansion of less cyclically sensitive business. Hoechst said its earnings at operating level rose "significantly" in 1985, largely thanks to higher capacity utilisation and increased sales volumes in the first half of the year.

Hoechst said: "Since the middle of the year, however, prices of chemicals and plastics in particular have eased. Even the effect of lower raw materials prices could not offset that. For 1996, we expect business to remain steady at current levels." It added, however: "The strongest impulses will come from non-European markets.'

Robert Mauthner fellowship

Ms Marian Hens, a Spanish journalist with wide European perience, has been chosen as the first Robert M Fellow on the Reuter Foundation programme at Oxford. The fellowship, supported by the Financial Times, commemorates Robert Mauthner, the late diplomatic editor of the FT and for many years Paris correspondent, who previously worked for

It will be awarded annually to established journalists from European Union countries for reporting on European affairs. Ms Hens was educated at the University of Granada and at the City University in London. As a journalist she has worked for the Guardian in London, for El Mundo in Madrid, and for Channel Four's "Europe Express". She was chosen from a large field of candidates, and at Oxford will study immigration into the European Union. Foreign Staff, London

Renault chief faces investigation

Mr Louis Schweitzer, chairman of Renault, has been placed under formal investigation in connection with a political wire-tapping scandal that dates back to the mid-1980s, the state-owned motor group said

Company officials played down the implications of the move, a legal step which can

lead to charges.

They said the investigation related to Mr Schweitzer's previous position as chief aide to Mr Laurent Fabius, the former Socialist prime minister.

Investors brushed aside the news, pushing shares in the car company up FFr6.1 to Industry observers noted, however, that the investigation his position at the head of the have been placed under investigation at a sensitive time for company. Like the wire-tap-Renault. The carmaker has been named by France's conservative government as a candidate for full privatisation this year, following the sale of

ous administration in 1994.

ault chief was placed under investigation last year in a scandal involving contaminated blood, had not affected

ping probe, that case related to his post in the previous Socialist administration.

The probe concerns allegations that the anti-terrorist a minority stake by the previousit at the Elysée Palace, then occupied by Socialist President

The probe concerns allegations that: the telephones of politicians, lawyers and journalists were illegally bugged

But they added that a previous legal probe concerning Mr Schweitzer, in which the Rencians, lawyers and journalists. Other prominent figures, including Mr Gilles Menage, former head of Electricité de France, the state-owned utility,

"It is an illustration of the close links between government and industry and the risks that are sometimes involved," said one industry analyst, referring to the appointment of political allies to senior positions in state

The probe into Mr Schweitzer, which was opened in November, is also part of a broader series of investigations

into business leaders.

Mr André Lévy-Lang, chairman of Paribas, was placed under investigation last week in a case involving alleged accounting irregularities relating to the sale by the financial group of Ciments Français, the cement producer.

Bouygues, the construction giant, was last month placed under investigation in a case concerning alleged influence peddling. Several other business leaders are the subject of investigation in cases ranging from illicit political funding to abuse of company funds. The investigations, which

often date back many years, have so far yielded few victims. One exception is Mr Pierre Snard, who was forced to step down as chairman of Alcatel Alsthom last year after he was placed under investigation in cases relating to abuse of corporate funds and allegations that the telecoms, transport and engineering concern over-billed France Télécom, one of

Meanwhile, an Italian success story

Something of an economic miracle is occurring in the north east, writes Robert Graham

t a time when good news is in short supply in Italy, success stories tend to be transformed into

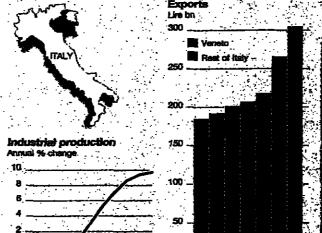
The latest to be discovered dubbed "the miracle of the north east" - is nevertheless a remarkable tale of economic success. North-eastern Italy, with its core the Veneto region, is growing faster than any other part of the country close to 4 per cent compared with 3 per cent for the country as a whole - on the back of an extraordinary explosion in export-led entrepreneurial

activity.
With an economy based on agriculture, agro-industry, artisan work and few large companies, the Veneto has traditionally lagged behind other areas of the industrial north. Emigration abroad only ended in the 1970s and incomes began to catch up with those in neighbouring Lombardy and Piedmont from the mid-1980s. The catching up process has accel-erated in the past two years although Veneto per capita incomes are still about 7 per cent lower.

"I don't believe talk of a miracle but here people are working flat out, entrepreneurs are innovative and the fruits are beginning to show," says Mr Mario Carraro, head of the Veneto industrialists association and chairman of his family group that is a leading producer of tractor components. Carraro sales, almost 90 per cent exports, last year jumped 33 per cent, a not uncom enomenon in the region.

Thanks to a strong export vocation, the Veneto pulled out. of the 1992-93 recession quicker and earlier than other regions. During the past five years its share of national exports has increased almost two percentage points to 14 per cent. The Veneto now exports almost twice as much as the whole of southern Italy.

In the first nine months of



Veneto: a miracle in the north-east

were registered, 4.7 per cent up on the same period in 1994. Unemployment has fallen to 5 per cent - less than half the national average.

Local entrepreneurs, most of whom have only come into their own in the past 10 years, exude confidence. "We aim to double our size as soon as we can, but with organic growth," says Mr Elio Marioni founderowner of Askoll, a domestic

"In the Veneto most people set out to be successful in micro-sectors," says Mr Massimo Carraro, chief executive of Morelatto, his family's company which is a leader in fash-

ion watchstraps.
The single-minded pursuit of micro-sector is evident in the story of Zhermack, a small dental products company founded in 1982 by Mr Vittorio Mora and Mr Tiziano Busin. He started with 1.7m (\$2,800) Both in their late twenties,

strong technical backgrounds aware of the need for a big investment in research and development. They believe the lack of big industry, against a background of a conservative Roman Catholic society, has been to their advantage. The trade unions are co-operative and usually weak, allowing flexibility in work practices. Expansion has always been matched with substantial

increases in productivity. Wages, meanwhile, have

One of the distinguishing aspects of the region's groups is that they have all begun with small, highly specialised niches and often only produce one part of a product

capital 18 years ago, using his they had worked for a dental been slightly lower than in experience with a domestic company that collapsed. With Pledmont/Lombardy, especially nce compa on his own. Askell is now a world leader in aquariums, making 65,000 a year with a L70bn turnover and a joint venture in China plus sub-contracting arrangements in Mal-

Askoll's arcane line of production highlights one of the key distinguishing aspects of the emergent Veneto groups. They have all begun by attacking small, highly specialised last year 30,885 new companies niches and often only produce people with university or

n of their own money and L10m from the bank guaranteed by their parents they decided to produce the paste for dental moulds. In the last four years sales have doubled and will reach L18bn this year. "It's a small market but we have broken into it with some

we are determined to carve out a bigger share," they say. The new breed of industrialists is nearly all drawn from

t of the clothing and leather businesses rely on a large supply of female labour working from home. Industrialists put great

emphasis on organic growth as opposed to acquisitions. Car-raro, one of the older companies, began in the 1930s producing agricultural machinery, and did not make its first acquisitions until the 1980s. However, it is unusual in having just floated part of its shares on the Milan stock market. Sit La Precisa, a promi-nent medium-sized group founded in the 1950s to make valves for gas heating appli-ances, is only now contemplating diversification - branching into the production of the electronics for the appliances.

The presence in most cases of the family as owner/entrepreneur is important. The businesses are handed on to children and usually two generations can be found work-

ing together.

Profits are re-invested more easily with family control and the main luxury permitted is an expensive car.

But the emphasis on family control means many businessmen shy away from banks, generally mistrust the idea of going public and prefer to stay small and relatively inconspic

The other strength of the Veneto is the way entrepreneurs have latched on to artisan traditions. Rossimoda bas become one of the leading prointernational fashion houses. It is based in the area of the Brenta River (feeding into the Venice lagoon) where 10,000 people are working in 750 companies related to the design and production of women's shoes. A nearby institute teaches shoe-making to 150

people a year. Similarly Bisazza, also founded in the 1950s on the back of the region's glass-making tradition, has become one of the world's most important specialists in glass mosaic tiling/flooring. Its business near Vincenza has close ties with a regional institute for mosaics.

The final ingredient in the Veneto boom has been its proximity to northern markets and the expanding opportunities in eastern Europe. Transport European markets and cheap labour can be tapped across

the border. Venice itself - once the wealthiest city state in Italy ~ has been by-passed by the boom. It bears the scars of the development of a now ailing petrochemical industry round the lagoon. But the fabled city plans a science park to feed the region. If Venice were to derive benefit, this would indeed be

Ciller leadership fight stalls Turkey's coalition talks

avsia.

The leader of Turkey's largest leftwing party yesterday strongly rejected Mrs Tansu Ciller's fitness to lead a new coalition government following the indecisive outcome of December's general elections. In a newspaper interview yesterday, Mr Bülent Ecevit criticised Mrs Ciller's purchase of property overseas. He said

she "does not have the right" to run the country and compared her with Mrs Imelda Marcos, the former first lady of the Philippines.

Mr Ecevit's moderate Democratic Left party (DSP) took 75 seats in the 550-member par-liament and holds the balance of power in coalition talks herween Mrs Ciller's conservative True Path party and her bitter rival, Mr Mesut Yilmaz,

leader of the conser vative Motherland party.

Both won almost the same number of seats, but personal

to about two thirds, the system

arising from the Proport sys-

cially among young people

who resent the idea that they must become black or red to

animosity is obstructing coalition talks to exclude from power the Islamist Refah party, which aims to transform traditionally secular Turkey into an Islamic republic. Refah is now the largest party in parliament with 158

coalition, but "the problem is that Ciller insists on being prime minister".

Mrs Ciller claims the right to continue as prime minister because her party took three more seats than the Motherland's 132. Mr Regyit hinted he could break the deadlock by taking over as prime minister him-

Mr Ecevit said he would sup-port a True Path-Motherland self, saying a "third [candidate for] prime minister could be

In this case, he would act primarily as an arbiter between Mr Yilmax and Mrs Çiller. However, Mr Ecevit warned that "an unsuccessful government may increase Refah's chances [at early elections). If coalition talks are stuck, then early elections

Although negotiations between party leaders are stal-led, MPs and party officials are talking behind closed doors. Informal contacts between the Motherland party, which has a large contingent

of Islamist sympathisers, and Refair are also taking place. President Süleyman Demirel earlier said he would not necessarily offer Refah a mandate

that he should observe constitutional precedent by offering them a mandate. Some also believe Refah should be encouraged to participate in government and shoulder some of the responsibility for reforming Turkey's unstable economy rather than remaining in opposition. Identity crisis, Page 8:

However, commentators say

Vienna's reds and blacks face pressure to be whiter

By lan Rodger in Vienna

ow to cut the budget deficit will be at the top of the agenda when leaders of Austria's Social Democratic party and conservative People's party meet this week to negotiate a new coalition in the wake of last month's general election. But the two old parties also have to tackle another long festering problem - political patronage - if their new gov-ernment is to have any chance of retaining public confidence. Austria probably has a more widespread system of political patronage than any other country in western Europe. with all senior jobs in government-influenced sectors systematically shared between supporters of the two ruling parties, generally known as the reds (Social Democrats) and the blacks (People's party

members).

known as *Proporz*, goes to absurd lengths. State-con-trolled Austrian Airlines has two presidents, as does Flughafen Wien, the quoted com-pany that runs Vienna airport. Proporz extends far beyond the executive suite. Austria has black and red trade unions, black and red motor clubs, black and red health clubs and even black and red

huts in the alos. Some government departments are protected fieldoms of one or the other party - the Social Democrats always run the Transport Ministry, with its substantial patronage potential in the railways and highways, and the People's party always presides over agriculture and defence. Proporz was marginally

In some cases, this sharing, in the past decade, as their

advance their careers. ustria has also irritated the European Commission by extending Propore to its allocated Brussels jobs. When a post at the Comdefensible when the Social mission becomes available for an Austrian, Vienna complies Democrats and the People's with the letter of EU policy by party together could count on the support of more than 80 sending four or five potential per cent of the electorate. But candidates. But when the

combined support has plunged becomes apparent that only one of them - alternately a red and a black - is qualified. In fairness, the Proporz sys-

has come under increasing Indeed, the rapid rise of Mr tem is much less pervasive Jörg Haider, the charismatic than it was 10 years ago. Privaleader of the far-right Freedom tisation of most of the state's party, is largely attributable to his gleeful exposure of the absurdities and corruption large industrial holdings has removed government influence from job appointments in much of industry. And even tem. His calls to "clean out the those companies that remain muck" in government find responsive audiences, espeunder state control feel freer to oppose state interference. The sector where Proporz

remains rampant is banking. Creditanstalt-Bankverein, the country's second largest, is by long tradition a black bank. But because it is state controlled, a sprinkling of reds has been parachuted into the supervisory and executive boards.

The former Länderbank, also state controlled, was traditionally red but had a sprinkling of blacks at the top level until it was taken over by a Viennese applications are analysed, it savings bank group in 1991 to



attacking patronage

Austria is controlled by a city of Vienna foundation and, since the Social Democrats have an absolute majority at city hall, they have felt free to purge the Bank Austria executive board of token blacks. These two leading banks in the elections while Mr commitment to attack Proporz.

have also been proxies for the state as owners of industrial and commercial companies, and have in the past extended Proporz to them. However, this has met with growing resistance in the past decade, and both banks are now committed to shedding their industrial portfolios.

Proporz has also meant a fair sharing of the government's juicy privatisation and flotation mandates between the two leading financial institutions, regardless of performance. Small wonder that Austria's banks are among the most mediocre performers in western Europe.

Partly because of pressure create Bank Austria, Bank from Mr Haider and other opposition politicians, both ruling parties committed themselves in the last election campaign to taking privileges away from party backs. Perhaps this played some part in both the

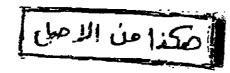
Haider, for the first time in a decade, saw his support fall back slightly. But reform will be stoutly

resisted by the thousands of party faithful who have played by the rules throughout their careers and expect to be taken care of by their leaders.
Indeed, Viennese business-

men say that the competition among loyal party members for secure positions is now becoming more fierce precisely ecause the scent of reform is in the air. Brussels officials were bemused by the ferocious lobbying of both parties a few weeks ago on behalf of their candidates to be EU informa-

tion officer in Vienna. Mr Haider appears to be in considerable difficulty following the revelation of his sympathetic remarks last October to veterans of Hitler's Waffen SS. But his support could reds and blacks making gains blacks do not follow up their

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Deficit fears remain after tight Saudi budget Oil prices firm tempted to delay further on succession Middle East Correspondent

By Roula Khalaf,

The 1996 Saudi budget was welcomed by bankers and dip-lomats in the kingdom yesterday as an indication that Crown Prince Abdullah, who was handed the reigns of power by King Fahd on Monday, intends to keep a tight lid on government spending.

Some expressed surprise, however, that the budget fore-cast an increase in the fiscal deficit and that no further reductions in subsidies had been announced

Detailed in royal decrees issued late on Monday, it maintains spending at 1995 levels of SR150bn (£26bn) but forecasts an SR18.5bn deficit, up from the SR15bn projected for 1995. It also projects a slight reduction in 1996 revenues to SR131.5bn, down from last year's forecast of SR135bn.

"it's encouraging to see the ing and they are maintaining the strategy of holding down public sector expenditures and relying more on the private sector," Mr Henry Azzam, chief economist at Saudi Arabia's National Commercial Bank, said yesterday.

One would have liked to see a smaller deficit but we cannot rule out that it will be smaller since it will depend on oil " The 1996 budget is believed to be based on the

As a percentage of GDP 1989 90-1 92: 93 .94 .95

same conservative assumption of a \$14 a barrel used in last year's budget.

One western banker in the kingdom said yesterday the business community had been expecting further increases in utility charges, especially reductions in water subsidies, and wondered whether the private sector will have the appetite to continue financing the budget deficit through purchases of government bonds. "It would have been more prudent to press ahead with

further reductions in subsidies," said the banker. Pursuing the clean up of the kingdom's finances is one of the most daunting challer facing Crown Prince Abdullah as he takes over management of government affairs while the ailing King recovers from a



Saudi government projection of

only 2 per cent, but a big

improvement over 17 per cent

stroke suffered in November. Following the Gulf war, which cost Saudi Arabia about \$60bn after the mid-1980s collapse in oil prices, Saudi Arabia suffered an economic shock.

Budget deficits spiralled out of control and foreign assets egan to shrink.

Since 1994, however, the government has been committed to reforms aimed at cutting government spending and preparing Saudis for a less pam-pered lifestyle, raising non-oil revenues and allowing a larger

Saudi Arabia's sixth development plan unveiled last year vowed to eliminate the deficit Efforts to cut the budget defi-cit intensified last year as the government increased prices of water, electricity, postal and The improvement in the 1995

deficit, however, is largely thanks to the estimated 21 per telephone charges and petroeum products. It has given no indication of the deficit for 1995; but the cent increase in the average Saudi oil sale price during the International Monetary Fund last September forecast a shortfall of 5 per cent of gross domestic product, above the

This boost in oil prices, not expected to rise this year, has fueled concern among economists that Saudi Arabia and other Gulf states will fall vic-tim to false hopes of an end to

The IMF has warned that in the absence of further curbs on expenditure and increases in non-oil revenues, the deficit

could rise again to 10 per cent of GDP in 2000. The NCB's Mr Azzam said that, given likely inflation the government has admitted to 5 per cent inflation in 1995 - and the fact that the government wants no growth in public sector pay, ending subsidies over a longer period than two years would cause less instability. The significance of the 1996 deficit will depend on its rela-tion to GDP which itself. depends on how oil markets perform this year. Monday's royal decrees said the economy

in 1994, which suggests a static economy in real terms. More significant, says Mr Abdullah Dabbagh, secretary general of the council of Saudi chambers of commerce and industry, is the growth in private sector GDP, which the government put at 7.5 per cent. last year, up from 4 per cent in

grew at a nominal 4.3 per cent

last year, up from 1.4 per cent

Although some bankers said yesterday these figures should be treated with caution, Mr Dabbagh said the faster private sector growth was in line with government policy of expanding the non-oil areas and the role of the private sector.

Oil prices remained firm yesterday as traders and industry analysts assessed whether King Fahd's decision to hand over power to Crown Prince Abdullah would lead to any changes in the oil policy of the world's largest petroleum exporter.

The price of the benchmark Brent Blend for February delivery rose 15 cents to \$18.45 a barrel at the close of trading in London yesterday. But most analysts predicted the transfer of power would have little lasting impact on oil prices.

Speculation that Prince Abdullah might loosen ties with the US and support cuts in oil output in order to achieve higher prices was dis-

"The differences between the two have been exaggerated," said Mr Robert Mabro of the Oxford Institute for Energy Studies. "Prince Abdullah may have a different style, but there has been a constancy in Saudi policy since King Abdul Aziz (the father of the two men) in terms of oil and the relationship with the US."

Saudi Arabia, the dominant member of the Organisation of Petroleum Exporting Countries, produces 8m barrels of oil a day, a level analysts say it needs to maintain in order to provide sufficient associated natural gas to the country's thriving petrochemicals indus-

It has kept output at that level over the past two years in spite of a surge in production by non-Opec countries, such as the UK and Norway, which have captured virtually all of the recent growth in world oil

demand. Fears last year that Saudi Arabia might start a price war to defend its market share never materialise

Mr Joe Stanislaw, head of the Paris office of Cambridge Energy Research Associates, said the kingdom would probably adhere to the present pol-icy of "waiting for the world's oil market to grow" to a point where global demand outstrips

new, non-Opec supplies.
In recent months, government officials in Riyadh have said they are content to mainfain present output as long as prices stay in the \$16-\$20 a bar-

rel range.
In 1995 the price of the Opec basket, an average of seven Arabia's Arabian Light, was \$16.86 a barrel, well above the \$14 oil price target in the bud-

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M. Z. W.

Reformer replaces Sedki

Ganzoury named Egypt's premier

The Egyptian cabinet headed by Mr Atef Sedki yesterday resigned and Mr Kamal el Ganzoury, deputy prime minister and minister of planning, was asked to form a government.

The surprise announcement, which came late in the day after an emergency cabinet meeting, marks the end of Mr. Sedki's much-maligned 10-year premiership. Business leaders and representatives of Egypt's biggest donors welcomed the choice of the new prime minister who was described as a

"born again reformist". Although he has been closely. involved in the country's economic planning since the early 1980s, Mr Ganzoury has recently been seen to take a stand against more conservative elements in the Egyptian government on the subject of economic reform.

As an economist, with a doctorate from Michigan Univer sity, he last year impressed the International Monetary Fund when he led Egypt's delegation to Washington for its annual consultations. He is also working with the World Bank in

The change in cabinet comes one month after Egypt voted

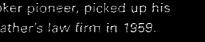


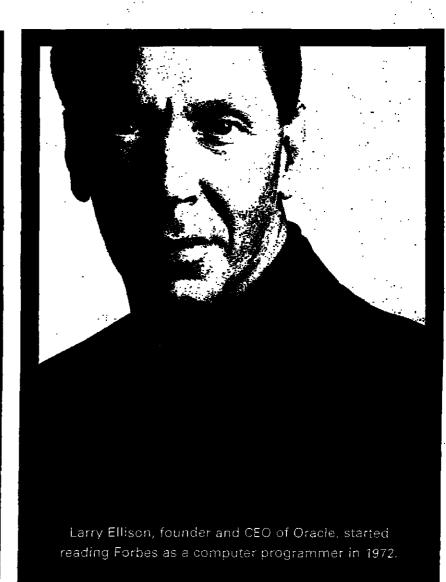
Ganzoury: led IMF delegation

for a new parliament in violent and controversial elections. Before the election President Hosni Muharak ruled out any change in his team saying it would hinder stability and investment. Since the last minor cabinet reshuffle in October 1993, there have been increasing calls for change in the cabinet whose members, have held their posts for the

past decade or more. The new prime minister is expected to announce his cabinet over the next few-days although wholesale changes in key portfolios such as foreign affairs and information are not

Charles Schwab, discount broker pioneer, picked up his first copy of Forbes at his father's law firm in 1959.





Dissidents fuel unrest in Fatah

By Mark Dennis in Nablus

A rift between local activists and the central leadership of the Fatah faction of Mr Yassir Arafat, the Palestinian leader. is adding to criticism of Mr Arafat's rule in the run-up to the first Palestinian general elections on January 20. A spokesman for five promi-

nent Fatah activists who broke recently from Mr Arafat to form an independent list, complained yesterday of indirect intimidation from Mr Arafat's deputies.

They threatened us and announced through the news-

paper that those who are with Fatah should not run as independents," said Mr Husam khader, a former member of the Palestinian National Council who said he was originally number seven on the Nablus Fatah list before Mr Arafat had him removed. Several activists from Mr

Arafat's Fatah faction have been angered by his apparent manipulation of electoral lists. in which candidates elected by local committees to the Fatah lists have been replaced by ones appointed by Mr Arafat. Fatah-endorsed candidates

are generally considered to have the best chance of win-ning a seat in the 88 member council. "We are not happy (with the changed lists)," said Mr Marwan Barghouti, the head of Fatah in Ramailah. "We will have problems with the central committee over whom to support."

Their complaints follow this week's sharp condemnation of Mr Arafat's administration's handling of the elections by the head of the European Union monitoring team. Mr Carl Lidbom, head of the European Union elections monitoring team, released a sharp statement Monday saying that Mr Arafat's administration's manipulation of the pre-election preparations was harming the poll's credibility.

Mr Lidbom questioned the political independence of the Central Elections Committee, which is headed by Mr Mahmoud Abbas, a key deputy of Mr Arafat. He also complained about the trimming of the campaign period from 22 days to 14 days, making it more difficult for opposition and independent candidates to garner support. Elections officials reinstated the official campaign period yesterday in response to Mr Lidbom's criticism

Mrs Hanan Ashrawi, the noted Palestinian human rights activist, condemned Mr Arafat's administration yesterday for violating freedom of the press over the arrest of the editor of a leading Palestinian daily. Mr Maher al-Alami, who was released Saturday, was held for six days for not pubing Arafat's relations with local Christians. Ms Ashrawi, is an independent candidate.

While Mr Arafat's opposition has come largely from Islamic groups opposed to the peace process and not running in the elections, the overall criticism reflects a general unease with Mr Arafat's authoritarianism among the secular Palestinian intelligentsia. While Mr Arafat is considered above the politics and a shoe-in for the presidency, some observers think a protest vote against him may come out in elections for the legislature, where some of his close allies could lose.



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Third round of bidding is expected after eight out of country's 13 zones fail to attract foreign investors

India's telecom tender finds lukewarm response

By Mark Nichelson in New Delhi

India's year-long attempt to attract foreign and private sector secured only a lukewarm response this week when the deadline passed for a second tender to provide basic telephone services in 13 zones. It is now likely there will have to be a third round of bidding as eight of the 13 zones failed to attract any bids.

venture companies submitted bids in the other five zones. The initial bid round drew 81 bids from 16 companies for all 20 zones offered, but the government later rejected bids in 10 zones as too low, while capping the number of zones any single company could hold -moves which necessitated the latest bid round.

The winning bidders - all combines of Indian business groups and international telecoms operators - were Tata Group and Bell Capada in

Andhra Pradesh, which bid Rs42bn (\$1.19bn), R P Goekna group and NTT of Japan in Tamil Nadu (Rs116bn), Essar Group and Bell Atlantic of the US in Punjab (Rs45bn), Reliance Industries and Nynex of the US in Gujarat (Rs34bn) and Usha Group and Moscow Tele-com in Bihar (Rs2.6bn). Only in Punjab was a competing bld submitted - by Bharti Telecom

and Stet of Italy.
In each of the five "circles" (zones roughly equivalent to Indian states) the bids

exceeded the government-set reserve prices. No bids were received for Kerala. West Bengal, Assam, Madhya Pradesh, Himachal Pradesh, Orissa, eastern Uttar Pradesh, the Andoman and Nicobar Islands, and the north-eastern states.

Ten previous bidding consortiums, which included such international telecoms companies as US-West, AT&T of the US and Telstra, the Australian state provider, made no rebid. Industry executives said

bidding both by the political controversy surrounding India's telecoms deregulation and by the reserve prices introduced by the government after the first round of bidding.

"There has to be a third round of bidding," said Mr Vijay Kapur, chairman of the Confederation of Indian Indus-try's telecoms committee. "The million dollar question is how they go about it."

Mr Kapur said that many companies had found the gov-

unbid states "would not have been financeable" and that the government would have to cut these prices to attract offers in a third bidding round.

Mr R K Takkar, chairman of India's telecoms commission had said a third round would be possible, but no firm deci-sion could be taken until India's Supreme Court had considered an opposition petition questioning the legality of the bidding process. The matter goes to court on January 9.

increased political controversy or further delay. With elections due by June, rebidding in the next few months would be too close to the poll and risk turning the round into a "political football". Mr Takkar, though, denied that elections would hinder a fresh bidding round, and suggested the round might proceed before the elections. He said the government might

consider reducing reserve

Sino-UK thaw set to assist Rifkind

in Hong Kong

Mr Malcolm Rifkind, Britain's foreign secretary, will press Chinese leaders to draw back from plans to dissolve Hong Kong's elected parliament and water down its human rights law, when he travels to Berling

Mr Rifkind is also expected to raise with Mr Qian Qichen, his Chinese counterpart, the British government's dissatlsress on settling outstanding issues relating to port development and aviation.

Foreign Office officials say that the underlying message Mr Rifkind wants to leave with Mr Qian is that confidence in Hong Kong will be adversely affected if Beijing implements its plans to change the colony's

China has said it will dissolve Hong Kong's Legislative Council, the colony's 60-member law-making body, and re-draft its Bill of Rights when it resumes sovereignty over

the colony in 18 months. In addition, Beijing has said it will appoint a provisional legislature before 1997. The foreign secretary arrives in Hong Kong on Saturday night for two and a half days of talks before leaving for Beijing. His visit comes at a time when the tone of Chinese comment about Britain is more positive. Mr Lu Ping, China's top offi-cial in charge of Hong Kong affairs, said in a New Year's message that he looked forward to a "new dawning" in Sino-British relations this year. He called for a return to the "spirit of the Joint Declara-tion" - the treaty Britain and China signed in 1984 which

provided for Hong Kong's transfer to China in 1997. And in an apparent attempt to allay concerns in the Hong Kong government, he said the instina's "preparatory committee" would not undermine the Hong Kong government as they before July 1, 1997. The 150-strong committee is to oversee arrangements for the takeover.

to Mr Lu's emollience. He pointed out that if London persisted in its unco-operative attitude it "would not only harm the smooth transition of Hong Kong but hurt Britain itself".

A Foreign Office official said yesterday: "I think we are experiencing an upturn, for the time being." A recent commentary about British foreign policy from the official Xinhua news agency noted that Mr Michael Beseltine, the former trade secretary who is now deputy prime minister, had paid a "successful" visit to China and that Mr Qian had been accorded a "warm welcome" on his visit to Britain in

main items the two foreign ministers agreed at their meeting in London - civil servant evaluation by mainland officials, the handover ceremony, liaison with the preparatory committee, and talks about Hong Kong's ninth container

> preparatory committee and the Hong Kong government

Index suggests Disney works its computer-animated charm little pressure on US prices

By Michael Prowse

The US economy is likely to grow sluggishly and experience little upward pressure on infla tion, a national survey of exec-utives indicated yesterday. Purchasing managers said their index of manufacturing activity edged up to 47.3 per cent last month, from 46.5 per cent in November. But it remained below the 50 per cent level marking the threshold for expansion in the sector for the

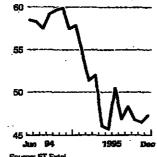
fifth consecutive month. However, there was positive news on inflation. An index measuring price pressures fell from 44.5 per cent in November to 40.8 per cent, the lowest reading since July 1991 when

Mr Ralph Kauffmann, a spokesman for purchasing managers, said data for production, new orders and employment all pointed to a contraction of manufacturing activity last month. There was an encouraging increase in the proportion of companies reporting higher export orders.

He said past relationships indicated the economy was likely to grow at an annual rate of about 1 per cent - well below its long-run potential if the purchasing index

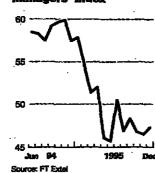
remained at current levels. The Federal Reserve, the US central bank, cut short-term interest rates by a quarter point to 5.5 per cent shortly

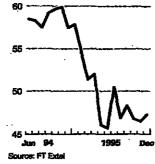
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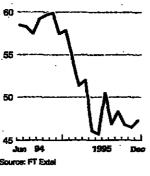


before Christmas in an effort to stimulate the sluggish economy. Many US economists expect further rate cuts, given the apparent absence of upward pressure on inflation and lacklustre growth in many

Mr Bill Griggs, of Wall Street investment strategists Griggs and Santow, said he expected the Fed to cut short-term rates by another half point over the next six months. Even with this the economy was likely to grow at an annual rate of only about 2 per cent, reflecting slower growth of employment and personal incomes.







Die Hard with a Vengeance,

The purchasing survey indicated that many manufacturing companies were still struggling to reduce inventories last month. Industrial production is expected to remain subdued until this inventory adjustment is completed.

Christopher Parkes on Hollywood's hopes, moneyspinners and disappointments in 1995

Twister, a film featuring a nasty attack of wind, is already being touted as one of the big cinema seat-fillers of 1996, even as the disappointments of an over-crowded but underattended 1995 movie season enter oblivion.

Hopes are also being pinned on Eraser, starring action-man Arnold Schwarzenegger, to obliterate uncomfortable memories of a year in which "expert" forecasts went pre-dictably awry and US box offices barely matched 1994's take of \$5bn-plus.

Despite disappointments, the combined attractions of hightech special effects and blood and thunder, are still Hollywood's strongest suits at home and abroad. Twister, which stars special-effects tornadoes and agricultural ironmongery tumbling around the prairies. seems designed to appeal in the Jurassic Park mode. Among last year's offerings

the third in a series starring Bruce Willis, was the undis puted world number one with provisional gross of \$352m. Even so, Toy Story, the first in a new generation of comput-er-generated animated charmers, was arguably the film of the year despite its extremely limited foreign release. Disney's latest assault on the

family movie market, with animation technology fostered by



Animal appeal: Babe the talking pig (with Fly the collie) was the surprise success of 1995

founder, stood fourth in the US rankings for 1995 even though

With US takings of \$115m it was close behind its stablemate, the conventionally animated Pocahontas. The flag-waving Apollo 13 - a surprise hit overseas - was second behind Batman Forever.

merger with Capital Cities/ ABC consolidated Disney's top position in international entertainment, Toy Story was the film which tightened its grip on movie-goers' money.

may have taken the top US market position, but together with the underwater drama,

newly released Tom & Huck. the original Disney group is expected to have kept its top position with more than 20 per cent of the domestic market. In a year when the unusually heavy volume of releases

diluted the average US box office take from \$35m to \$30m. water was pre-eminent as element of the season.

Ten highest grossing films of 1995

son Tide pinged their way into the rankings, the Hollywood corps of pundits was silenced by the international success of the splashabout Waterworld. Over-blown, over-budget and over-criticised, it made it to number nine in the US top 10 and had pulled in a handsome \$255m worldwide.

The more routine Cutthroat Island, a daft pirate story, slid gently beneath the waves to obscurity as the trailers started for the 1996 wettie, the oteenth remake of Treasure Island, starring the Muppets.

There is no sign yet, though, of anything coming up to match the appeal of the talking pig in Babe. The entertainment surprise of 1995 remained undetected by US opinion-makers until it opened. It is num-ber one in Britain, Germany and Australia, where is has earned the affectionate nick-

Orange County determined to banish government by 'good old boys' network

Leaks of court hearings have revived bankruptcy memories, writes Christopher Parkes

US chip maker sues Samsung

Texas Instruments, a leading US semiconductor manufacturer, has filed a suit against Samsung Electronics of South Korea, the world's largest manufacturer of memory chips. The action followed negotiations over renewing a patent licensing agreement which expired at the end of 1995, TI said. As one of the oldest manufacturers of semiconductor chips, TI holds a broad patent portfolio which covers many basic processes involved in chip production. It licenses these patents

to other producers, earning substantial royalties. TI is asking a Texas court to issue a permanent injunction barring Samsung from using its patents and is also seeking unspecified damages. TI said it planned to file a complaint with the International Trade Commission, to prevent Samsung selling devices that infringed TI's patents in the US. If the ITC issued such an order, it could cause a shortage of

dynamic random access memory chips, the basic data storage devices used in all computers. TI, however, has used similar legal tactics previously to persuade other chip makers to pay Louise Kehoe, San Francisco

Tobacco groups challenge FDA

The US tobacco industry vesterday stepped up its campaign against proposed regulations aimed at stopping children smoking cigarettes, ahead of a midnight deadline for submissions. The industry fears the measures could be the

prelude to even more radical action against cigarette smoking. The five big US cigarette manufacturers and their trade association, the Tobacco Institute, submitted 2,000 pages of argument and a further 45.000 pages of appendices, claiming the Food and Drug Administration does not have jurisdiction

The dispute centres on whether or not cigarettes are "drugs". The companies said the FDA's proposed regulations on teenage smoking would violate both US law, and the constitutional right to advertise. Patti Waldmeir, Washington

Zapatistas reject military role

Mexico's Zapatista guerrillas, who staged a well-planned if brief uprising two years ago, have said the movement is to become primarily a political, rather than military, force. The announcement appears to confirm that the Zapatistas once a significant military force - are now merely a local movement in the poor, south-eastern state of Chiapas. In a communique marking the second anniversary of their rebellion, the rebels said they would form a new organisation, the Zapatista National Liberation Front, which would be part of a wider opposition movement aimed at changing the

country's constitution and protecting indigenous people's

Daniel Dombey, Mexico City

Reuler, Lagos

Nigeria frees detainees

including author Ken Saro-Wiwa.

Nigeria's military authorities freed earlier this week four political detainees, including Mr Wariebe Agamene, the former leader of the oil union Nupeng. The union led workers on a crippling strike in 1994 to press for the installation of Mr Moshood Abiola, the presidential claimant, as head of state. Nigeria has been in crisis since the annulment of the 1994 elections, which would have ended a decade of military rule

The crisis was worsened by the execution last year of activists.

retired savings and loan executive. recounts his experiences when he took on the unpaid job of running California's stricken Orange County after financial scandal and a \$1.7bn loss in the county's investment pool forced it into bankruptcy.

"My grandson said we were going to have to change our name and leave town," he recalled. "I was getting the dis-tinct impression that I was the one who had caused the bank-

As he made plain at a recent business club debate on the aftermath of the bankruptcy of the county, there was little to relish in being tainted by even the most remote association with the machinery of county

But after almost a year it had become easier to bear, not least because life in one of the richest regions in the US was returning to normal. As Mr Popejoy said: "The bankruptcy was almost just a blip on the Orange County's government myself so that they can go

material effect on the county." But was it not worrying, he and his colleagues asked, that the county's ability to absorb such shocks with few aftereffects might lead to complacency? Was there not a risk of a return to the bad old ways of "good old boy" management and territorial and administrative fiefdoms which had flourished since pioneer times?

The prospect appeared to be growing until last week when the world - and the Orange County electorate which will vote on government reform in March - was reminded of the circumstances surrounding the fiscal collapse by a leak of evidence transcripts from grand iury hearings. Testimony, including that

from Mr Matthew Raabe, the assistant county treasurer preparing his defence against charges of securities fraud and other offences carrying penalties of up to 14 years' prison, revealed the inner workings of

The predilection of Mr Robert Citron, former county treasurer, for taking investment advice from astrologers and psychics, has been thoroughly aired, and he has pleaded guilty to the charges that Mr Rashe plans to contest.

But public perceptions of Mr Citron's role in the drama has shrunk as the focus has swung to the 20-plus other people who allegedly knew of crimes and blunders long before the collapse. According to Mr Raabe, although Mr Citron was the man who "plotted and devel-oped the investment strategy", motley crew of politicians, lobbyists, county employees and lawvers had conspired to keep the truth under wraps. As for himself, he had been "slandered" in the press. "I believe there are people who committed acts who, for whatever reason, would prefer to see that this case ends

with an indictment and

conviction of Citron and

Mr Raabe, who has been offered neither a plea-bargaining deal nor leniency in return for his voluntary co-operation. is expected eventually to have his say in court. Whether a similar fate awaits others identifled in his testimony remains to be seen.

Two members of the board of supervisors, senior politicians responsible for overseeing the machinery of government, and who have been charged with misconduct, face no punishment more severe than loss of office and a prolonged period of exposure to public scorn as the debate on government reform gathers pace.

Mr Popejoy was recently heard complaining that the county was reverting to business as usual. Supervisors were once again

involving themselves in the day-to-day business of government, helping make the admin-istration "dysfunctional at

best. At worst, dangerous," he

face as they try to restrain

tion the proposed reforms would prevent. Central to the plan is the appointment of a professional chief executive in charge of day-to-day government functions. Supervisors, elected to devise but not administer policies,

would be limited to two fouryear terms as a means of discouraging "old pals" networks. But the reform proposal likely to prove most attractive to the electorate is the appointment on the basis of profes-

sional expertise of the county treasurer and his three closest associates, with an option to fire them if they fail. Mr Citron, lacking any finan-cial qualifications, was elected seven times in all to a job for life. The true extent to which his extraordinary 20 year bal-ancing act depended on his entourage of cronies, lobbyists

and soothsayers may yet

unravel as Mr Raabe's case

makes its journey through the

criminal courts.

October. Foreign Office officials said Mr Rifkind would want to assess progress on the four

terminal Britain is resisting a demand by Beijing to exclude Governor Chris Patten from the handover ceremony, and China has yet to indicate how it envisages co-operation between the

Economy gives Suharto cause to celebrate

But foreign investment boom fuels debate over Indonesia's current account deficit, writes Greg Earl

Suharto was being the life of the party or hinting that he was about to close the bar when he greeted the economic New Year.

"In the economic field, nowadays what we are facing is not how to accelerate growth, but how to guard it so the high growth does not overheat the economy," he said in a weekend television speech. "The government has taken

steps to cool our economic engine, so in the future we can speed up again." As the country's 74-year-old

leader prepares to deliver his statement tomorrow, he feels he has something to celebrate. After a year which began with fears that the Indonesian economy might be facing the same problems as Mexico, its oil-fuelled, highly indebted cousin, Mr Suharto has managed quite a recovery. At about 8.6 per cent, infla-

tion has come in well below

t was hard to tell whether the destabilising 10 per cent Indonesia's President expected earlier in 1995, and ministers say real GDP growth will be above the 7.1 per cent projected in Indonesia's revised five-year plan. Last week the government announced record approved

foreign investment of \$39bn (£25.3bn), providing solid longer-term underpinning for growth, which is now being driven mainly by domestic investment and consumer demand. Growth projections for this year range from 6.5 per cent to 8 per cent, with most economists forecasting a gradual slowdown over the next two years as Indonesia tries to avoid the boom/bust cycle of 1991 which left its banks laden with bad debts.

However, the foreign investment boom has also fuelled the debate about the principal weak point in the Indonesian economy - a rising current account deficit stemming from a poor export performance and a growth-driven import surge. The deficit is estimated to have the past year have underlined

at about that level this year, keeping the rupiah under threat of depreciating beyond the traditional 4 per cent annual managed decline. The rupial has been on a rollercoaster in the past year,

inflation with high interest rates but boost exports with a depreciating currency - all in a very open capital market.
"The present policy seems unlikely to achieve either the inflation target or the export oscillating between the lure of

INDONESIAN OUTLOOK 1982, 1983 - 1994, 1995, 1996* 1997* 6.5 7.3 7.2+ 6.5-7 6.5-7 9.7 9.2 8.5 7.5-8 6-8.5 4.9 Current account deficit (Sbn)

high interest rates and foreign fund manager concern about parallels with Mexico. But that has not stopped Bank Indonesia, the central bank, from experimenting with a freer floating currency by widening the band within which the rupiah can move without intervention.

25 29 35 64 556 356 target," the Australian National University's respected economic survey said recently. Although most economists

say the \$6bn current account deficit is quite acceptable at about 3 per cent of GDP, there is growing scrutiny of the projects drawing in capital goods imports and the reason for the The volatile capital flows of poor export performance.

ating the deficit will result in productive investment which will reduce imports and said one economist. The growth in non-oil exports, which have fuelled Indonesia's recent economic development and repayed its debts, has been quite volatile

in the past two years but now

appears to be running at about

14 per cent, compared with

the high import growth gener-

long-term forecasts of 16 per An overall decline in the value of the country's biggest single non-oil export - plywood - has played the key role in the export deterioration, with economists blaming constraints imposed by a wood

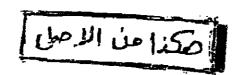
export cartel. agreement about a sustained recovery in this sector, with Mr Djamaludin Suryohadiku-

doubled to more than \$5bn in the increasing dilemma that account deficit in the medium to argue over the outlook.

1995 and is forecast to remain Indonesia's economic planners term will depend on whether There are also concerns. There are also concerns about the competitiveness of Indonesia's other main non-oil export earners - textiles, clothing and footwear - with variable recent growth figures for specific products. But non-oil minerals and newer manufacturing sectors such as electronics and jewellery look more

positive. The government has not yet delivered a package of export deregulation measures, promised before the year-end. This is possibly because of the recent surprise restructuring of the trade and industry ministries, which means Mr Suharto's economic statement will be closely watched for any sign of new trade policies.

But recent reported moves to create a monopoly for the allocation of textile export quotas There appears to be little and for the import of raw cotton, underline the threat that Indonesia's long-standing politically awarded cartel arrangesumo, the forestry minister, ments pose to the economy's "Any decline in the current and the industry continuing longer term performance.



By Alan Cane

is although

Sales of mobile phones in the UK this Christmas fell well below the record levels experienced last year, indicating that consumers have stopped treating them as impulse-buy, hightech presents.

Last year, mobile phones were among the most favoured electronic presents, vying for popularity with personal computers and games con-

This Christmas, sales of new connections by the leading operators were only three quarters of the level a year ago. Consumers seem to have learnt that a mobile phone is not just for Christmas: the handset may cost only a few pounds but the bills come in each month throughout the year.

Both Vodafone and Cellnet, which now share market leadership with about 2.3m subscribers each, reported sharply lower figures for the three months ending in December 1995.

Vodafone made 286,000 gross new connections, down from 318,000 in the same period of 1994. Net new connections - allowing for the number of people who cancelled their subscriptions - were 143,000 in the fourth quarter of 1995, compared with 186,000 in the same quarter a year before.

Cellnet, in which British Telecommunications has a majority stake, reported 379,500 connections in total, compared with 369,500 last year. Net new connections were 215,000, down from 281,200. For both companies, the decline in new connections between the comparable quarters was just over

23 per cent. The UK's two smaller operators, Mercury One-2-One and Hutchison Orange, which operate digital networks, will report their new connections in the next few days.

There was speculation yesterday that their figures would reflect the decline experienced by their longer

7.5

Dec 93 1994

Source: Bank of England

that M0, which measures cash in circulation and bankers'

deposits, grew by a seasonally

adjusted 5.9 per cent in the

year to December. With the rise following a

strong rate of growth in

November, this pushed the

three-month on three-month

established rivals. Vodafone and Cellnet said yesterday they had anticipated the decline in Christmas trade as sales became more uniform month on month

Both companies achieved record new connections during the year: Vodafone finished the year with 2.33m subscribers, having added 694,000 in

Sir Gerald Whent, Vodafone's chief executive, said business had continned throughout the year at a higher level than before. "In all but one month of the year [December], we connected more subscribers than the equivalent period of 1994," he said.

Cellnet said it had 2.30m subscribers, adding 740,000 new connections during the year. Mr Howard Ford, Cellnet managing director, said there had been high levels of sales throughout the whole of 1995.

Orange's rivals accept it has led the way in establishing branding and there will be great interest in the operator's connection figures as it is set to float later this year.

Vodafone, for example, will announce additional tariffs soon based on per second billing and "bundled" charges which include specified amounts of "free" airtime, both features of Orange's current offering.

Economy Consumer spending shown picking up over past month

Rate cut expectations damped

By Gillian Tett,

Hints of stronger economic activity, coupled with growing market concern about the possibility of an early UK general election yesterday damped expectations of an imminent cut in interest rates.

The level of notes and coins circulating in the economy rose strongly in December. suggesting that consumer spending picked up over the Christmas holiday.

The data come amid wide-

spread reports that retailers have enjoyed better than expected trade over the last

The strong growth in cash in circulation left the annual growth rate in MO - the narrowest measure of money supply - well outside the government's monitoring range of 0 per cent to 4 per cent. The Bank of England said

Fresh signs of recovery in the Annual growth rate of notes and UK housing market have come from figures on mortgage lending and house prices, Alison Smith writes.

Seasonally adjusted figures for new net mortgage lending by banks in November showed a, monthly total of £677m (\$1.03bn) - the highest level for 1995 so far. Gross lending in November was £2.06bn, against £1.93bn in October. Halifax Building Society, the

UK's largest mortgage lender, said house prices rose 0.3 of a percentage point last month. sharpest jump for almost two years. The rise in M0 in Decem-ber was slightly exaggerated

by an erratic increase in bank-ers' deposits, which account for a small part of M0. But the level of notes and coins in circulation, which accounts for the rest of MO, year to December, and by 0.8 per cent between November and December.

In previous recoveries M0 has been a good predictor of retail sales. However, the relationship between the two series was more erratic earlier last vear.

But in spite of these problems, some economists yesterday suggested that the data were a good omen for December's sales. A strong MO figure in November was accompanied by better than expected levels

of spending In the first day of trading in 1996, the sterling futures con-

tract for June, which reflects interest rate expectations in that month, fell nine basis points, to 93.82. Although this means traders still expect rates to fall from their current level of 6.5 per cent between now and June, they expect a smaller fall than at the end of

James Capel, the London broker owned by HSBC Holdings,

UK NEWS DIGEST

Accountants

urged the UK government to follow suit.

back US reforms

Leading UK accountants yesterday welcomed US reforms

which reduced the burden of legal liability on auditors and

The reforms will add to pressure on the government to help

the big accountancy firms meet a growing threat from legal actions. The UK's Big Six firms and professional bodies have been campaigning to reform the law of joint and several liability under which auditors can end up paying all the

damages in a claim even if they are only partly to blame. The

the UK is getting behind in these things," said Mr Bruce Picking, technical director at the Institute of Chartered

Accountants in England and Wales. "We hope similar steps will be taken in the UK." The Law Commission is currently looking at the feasability of reform in the UK. Accountants also want auditors to be able negotiate a cap on their liability.

Hundreds of thousands of households throughout Britain were

still without water last night as water companies struggled to

mend burst mains revealed by the rapid thaw in temperatures

The crisis threatens further embarrassment to the water industry, already under pressure as a result of shortages

caused by the summer's unusually hot weather and drought.

In the north-east of England alone, up to 100,000 properties

were without supplies last night, and customers were forced to

collect water from tankers being used as mobile reservoirs. In Scotland, up to 500,000 are believed to have been affected.

Water companies last pight denied that the problems were due

to underinvestment. "If we had all new pipes, we would have

had the same problem," they said. Unlike in colder countries,

British water mains are buried just one metre under ground as

soil rarely freezes below that level. In the US and Russia.

however, pipes are generally 3 meters deep to account for the

Jim Kelly, Accountancy Correspondent

We have been saying to the government and the public that

US law introduces proportional liability instead.

Water chaos hits Britain

following the Christmas freeze.

yesterday began market-making in 200 top UK stocks. Although Capel has already acted as a market-maker in European shares, it had long been seen as the standard-bearer

Capel begins market-making

of agency stockbroking in London. It was one of the few big stockbroking firms in the London stock exchange's 1986 Big Bang to hold out against the shift to market-making, in which dealers quote prices at which they are willing to buy and sell a stock.

Mr Bernard Asher, head of investment banking at HSBC. said the group was "not exactly going overboard about it" but added that market-making brought certain privileges and had a place in Capel's activities.

Maxwell trial resumes

The Maxwell fraud trial resumes today with the judge, Lord Justice Phillips, beginning his summing up. The judge is expected to finish his task early next week after which the

jury will be sent out to consider its verdicts. Mr Kevin Maxwell denies two charges of conspiring to defraud the Maxwell pension funds by using fund assets to raise money for the private Maxwell companies. Mr Ian Maxwell and Mr Larry Trachtenberg, a former adviser to Robert Maxwell, both deny a single conspiracy charge. John Mason

Legal wrangles looming after copyright shift

A wave of legal disputes in the book and music industries over royalties was predicted yesterday as a result of a change in UK legislation which revives copyright protection to an important group of writers and

Legislation taking effect this week will mean that publishers and music companies will have to pay an amount estimated at several million pounds a year to the estates of people including Gustav Holst, D.H. Lawrence and John Buchan who died between 1925 and 1945.

The change in the law, introduced as part of a harmonisation of copyright legislation across the European Union. extends copyright protection after death from 50 years to 70

Germany already protects on a copyright basis artistic works for 70 years after their creators' death. France and Italy, which like Britain previously had shorter periods, have also moved recently to 70 years.

The legislation has been brought in on a retrospective basis covering producers of creative works previously out of copyright for as long as two

Mr Clive Bradley, the chief executive of the Publishers Association, which represents

(\$5.85bn) a year turnover publishing industry, said: "The revival of protection to authors who previously were out of copyright is an unnecessary complication and will cause a lot of arguments." Penguin Books said the changes would have an impact on a "signifi-

cant number of our titles". Among the beneficiaries of the new legislation will be the National Trust, which collects royalties from the estate of Rudyard Kipling, another author covered by the new legislation on account of his death in 1936. The Royal Literary Fund, which distributes cash to budding authors, will also see a swelling in funds from money flowing in from companies publishing G.K. Chesterton, who also died in 1936.

The amounts of cash to be paid will depend on complex negotiations between agents and executors acting on behalf of the estates of dead authors or composers, and publishers and recording companies. Publishers will be able to

escape the additional royalties if they can prove that they had already started work last year on a new version of material originating from earlier this century. However, the exact definition of when work has started may prove a source of

Exchange information rules tightened The London Stock Exchange yesterday issued new guidelines for industry regula-tors on the control of information which could affect the share prices of companies

Banking Correspondent, writes. Regulators have agreed to reduce to a minimum - normally no more than 24 hours - the period between giving sensitive information to a company and its advisers and releasing it publicly. The need for clearer rules was high-

lighted last July when a row broke out

over the leak of information about price

controls planned by Professor Stephen Littlechild, head of the Office of Electricity Regulation, on regional electricity companies.

rate up to 9.1 per cent, the also grew by 6 per cent in the

The Stock Exchange began an inquiry under their supervision, George Graham, into share dealing after the leak, but officials said yesterday that they could not comment on whether it had been con-

The new guidelines would not have stopped the price controls leak, which caused chaos in electricity company share prices. Offer officials said they were already pre-releasing sensitive informa-

tion to companies no more than 24 hours before publication, and giving informa-tion only to the chief executive of each

Some London stockbrokers said yesterday that only the simultaneous release of sensitive information to the companies and to the exchange could really guard against that kind of price manipulation. Besides limiting the pre-release period

company.

for price-sensitive information, the regulators have agreed to make sure information is passed only to people who "need to

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BUSINESS AND THE ENVIRONMENT

Road test for natural gas truck

Perkins, the diesel engines subsidiary of Varity Corporation of the US, has launched what is claimed to be Europe's first natural-gas powered articulated heavy truck to enter commercial service, in partnership with UK truck maker ERF and BOC Distribution Services.

The 32.5 tonne "artic", built by ERF and using a new Perkins "lean-burn" engine, is entering service with Marks and Spencer delivering chilled food supplies to stores in the London area. Its performance and operating costs will be monitored before a decision on full commercial production of such trucks is made Marks and Spencer has also been using a lighter gas-powered truck, with a smaller Per-kins unit, on daily delivery work for the past 18 months.

Natural-gas powered trucks are increasingly seen as a potential way to cut exhaust pollution in urban areas compared with the diesel engines which power most large commercial vehicles. British Gas, an obvious proponent of natural gas usage, already has a fleet of several hundred lighter vehicles converted to run on natural gas and is planning to open more refuell-ing outlets than the handful currently scattered across the UK.

Perkins claims that emissions of particulates - suspected of causing cancer - on its new engine are virtually non-existent compared with diesel engines while emissions of nitrogen oxides are 60 per cent lower than required under tough new "Euro 2" emissions standards for trucks becoming effective during this year and

It was to encourage the use of such "clean" power units that the UK cut the tax on compressed natural gas and liquefied petroleum gas by 15 per cent in November 1995, while increasing that on diesel and petrol by above the rate of inflation. British Gas has been promoting the wider use of CNG in the UK.

John Griffiths

🕇 artu in Estonia is being fast-forwarded to an environmentally friendly future by western technology - and its residents are getting better heating systems for the long, cold winter into the bargain.

Extensive programmes to cut heat loss, reduce energy consumption and convert boilers from fossil fuel to bio-fuels mean the town has a cheaper, cleaner, more efficient and more reliable heating system than before.

"We feel we have joined the 21st century," says Enn Pernamäe, director of Tartu's Aardla boiler plant - now fed by wood chips instead of oil - after the inefficiencies and waste of the Soviet era.

Aardla is one of more than 40 Baltic region projects relying on financial and technical assistance from Nutek, a Swedish public-sector organisation promoting technology and energy efficiency.

Nutek's aim is to improve energy efficiency in Estonia, Latvia and Lithuania (and, to a more limited extent, Russia and Poland) by working with municipalities and local companies to convert boilers and improve heat distribution and building standards.

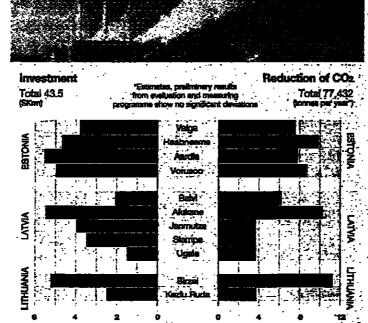
The idea is to try to bolster environmental protection by reconstructing boiler houses to operate wholly on local fuel, and reducing energy loss in residential houses and heating systems.

Other western organisations involved in similar projects include the World Bank and the European Bank for Reconstruction and Developmen

Among Swedish companies involved in the work, Energiakonsult has provided technical skills, and KMW Energi has supplied equipment. Local companies have participated in the reconstruction of the boiler

The two sides have contrasting motives. The Baltic states have an obvious financial interest in cheaper fuel after a surge in prices since their independence from the Soviet Union (where heating was supplied at completely uncommercial rates) four years ago. An average Estonian can spend up to a third of his salary on heating The Swedes are more interested in helping the Baltic states cut their output of carbon dioxide as part of joint implementation arrangements, where one country can gain a credit for lowering the CO, output of another. Both sides seem to be achieving their objectives. Using wood chips instead of oil has cut the fuel bills of some Baltic boiler

plants by up to 50 per cent. Pernamāe says the Aardla conversion is cutting fuel costs by 2.1m Estonian crowns a year. Nutek, meanwhile, says its projects Cost of cutting emissions



A warm future

The Baltic states are learning from western heating technology, writes **Christopher Brown-Humes**

will cut CO, production by as much as 250,000 tonnes a year, as well as reducing output of sulphur dioxide and nitrous oxide.

Interbank Offered Rates (currently about 8.65 per cent) and are repayable over 10 years, with a The main idea is to use the two-year period of grace. As savings from lower fuel costs to security. Nutek gets guarantees

Nutek's priorities are speed, affordability and reliability. It emphasises simple, tried-and-tested technology and cuts through red tape by keeping involvement with national governments to a minimum

PROTECT

THE RAINFOREST

WITH FISH.

repay the loans advanced by Nutek from local municipalities and to finance the improvements. But that means that, initially at least, end-users are not generally getting lower heating bills.

"This is essentially a commercial operation," says Hans Nilsson, the head of Nutek's energy efficiency unit Loans are granted by Nutek to

case in Latvia, the security is a municipal cinema.

Where Nutek believes its concept scores is in the wider benefits it offers. Residents might not be getting lower fuel bills, but they are getting better value for money -

longer heating seasons, higher average room temperatures and hot water during the summer.

Benefits also include reduced wastage, better heat regulation and heating systems that last longer.

We are aiming for better all-round quality. In the past, the way people cooled down was simply by opening the window," says Gudrun Knutsson, the programme's

project leader. Nutek's priorities are speed, affordability and reliability. It emphasises simple, tried-and-tested technology and cuts through red tape by keeping involvement with national governments to a minimum.

it also provides a consultant to assist the local project leader with implementation. Significantly, there is no "buy

Swedish" requirement attached to the loans, which not only benefits other international suppliers but also companies in the Baltic region, where costs are lower. Swedish companies are, nevertheless, winning a substantial number of contracts and are linking up with Baltic companies to boost business. Nutek has committed SKr227.5m (£22m) to its Baltic energy projects and has recently been promised a further SKr50m from the Swedish government. The idea is that, as loans and interest are repaid, funds are recycled to new projects. However, Nutek does not expect to fully recoup its outlays, partly because of administrative costs and partly because it anticipates some defaults.

Not everything has gone smoothly. Some residents are not paying their fuel bills – because they are so high – meaning that plant owners are also finding the going tough. There are also questions of access to wood chips and prices. In Lithuania, for example, the state has a strong hand because it owns much of the forest. Middle men have also tried to drive up prices by cornering supplies. Finally, there are continuing political and legal uncertainties which could undermine the value of the securities and guarantees pledged. Nutek says its model works

particularly well in Baltic states because they have ready access to wood and a strong desire to be more self-sufficient in energy and cut costly imports. It works less well in Poland, which is keen to support a substantial domestic coal industry. But the Swedish organisation is not discouraged. Nilsson says there are many more projects needing to

be financed. Indeed, he is trying to promote a clearing house system that will bring potential financiers together with municipalities and local companies in eastern Europe to drive the process further.

Death in the warren

Nikki Tait on the escape of a virus meant to control Australian rabbits

ustralia's human population may have been popping champagne corks on the beach over the holiday season. Its rabbit population has had less cause for celebration. It is being threatened by rabbit calicivirus disease (RCD) which 'escaped" from Wardang Island off the South Australian coast in mid-October. The disease, which first surfaced in China a decade ago and subsequently spread through parts of Asia, Europe and north Africa, was brought into the country in small quantities by the large, government-owned monwealth Scientific and

Industrial Research Organisation. The Australian and New Zealand governments were interested in using the virus to control Australia's feral rabbit population, and had asked CSIRO to research its effects. Controlled laboratory trials had been completed, and scientists were working through the field trials when the disease "jumped" to the mainland.

Quite how RCD made the 4km crossing is unclear; the most innocent explanation is that it was carried by flies. In the last two months of 1995, more than 10m rabbits died. The rabbit population of the Flinders Ranges. South Australia, where RCD first took hold, was ravaged. Scientists estimated the drop at more than 95 per cent.

In a matter of weeks, the virus had also crossed the New South Wales border, and by mid-December Queensland had recorded its first confirmed case of calicivirus. Although the spread appears to have been slower through the arid lands to the east of Broken Hill, CSIRO says that this may be due partly to the lack of human habitation, and hence

low reporting levels.
In any event, the spread has been sufficiently fast for New Zealand — which is battling a particularly serious rabbit problem on its South Island – to talk of accelerating remaining testing. A deliberate introduction is possible this year. Australia, meanwhile, is trying

to tot up the gains and losses from

the inadvertent early release. Farmers, who have suffered ever since rabbits were introduced into Australia in the mid-19th century. are anything but sorry. The rabbits' impact on Australian agriculture is put at hundreds of

全 理 超 %

millions of dollars a year.

The likely effect on Australia's environment generally remains a matter of speculation. In the short term, there have been some reports of blowfly proliferation in virus-affected areas. (To a large extent, the sheer scale of the Australia outback means that carcases simply rot, although many rabbits die in warrens.)

In the longer term, there are hopes that, without rabbit damage, native plants and species will return. However, other experts worry that certain wild species - birds of prey, for example – will decline without rabbits as a food source.

One concern is whether there is any danger of the virus mutating and affecting other animals.
CSIRO acknowledges that some members of one group of caliciviruses can infect several species, but says that RCD belongs to another group and all the evidence is that it infects only one species. "There is no evidence that rabbit calicivirus has infected any animals other than European rabbits," says Keith Murray, head of the CSIRO's Australian Animal Health Laboratory. But perhaps the most damaging

effect has been to highlight debate over the country's protective standards. Australia's natural physical isolation and unique habitat make it vulnerable to imported "diseases", which then encounter no indigenous resistance. The "escape" of RCD was unkindly timed. A few weeks earlier, papaya fruitfly had surfaced in northern Queensland, having apparently eluded the quarantine net. This prompted Japan to halt mango imports, and led to the entire area being quarantined.

Shortly afterwards, alarms were raised when the destructive Formosan termite was found on a imported boat in Sydney's upmarket eastern suburbs.

CONTRACTS & TENDERS



GLOBAL TENDER NOTIFICATION **GUJARAT MARITIME BOARD**

INVITATION TO PORT CONSULTANTS

TO SUBMIT PROPOSALS FOR CONDUCTING FEASIBILITY STUDY(S) FOR

The Gujarat Maritime Board (GMB), by virtue of the authority vested in it, by the Gujarat Maritime Board Act (1981), to administer, manage and control the mmor and intermediate ports of the State of Gujarat (India), invites Consultants. enther individually or in Consortium, to submit their Technical and Financial proposals for conducting one or more of the following studies.

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Scope of work

Examene the marine conditions and suggest a best possible site (or a set of alternative sites) for locating the port facilities

Suggest water front and on-shore & offshore lacilities to handle the estimated traffic 3. Indicate order-of-magnitude cost estimates for

the proposed waterfront and on-shore & offshore

posed Sites: Hazira, Marcii, Mithwerdi, Simar, Expected Period of assignment: 16 weeks

Detailed Project Report(s): for one or more of four sites, which are to be

The detailed project report will be used for preparing tender documents for inviting construction. companies to begin site development.

Scope of work:

1. Examine the manne conditions and success a best possible site (or a set of alternative sites) for

locating the port facilities Layout and detail design for all waterfront, onshore and oil-shore facilities, including the methodology to handle the estimated traffic.

3 Rough cost estimates for the facilities covered in Proposed Sites: Bedi (Rozi), Dahei Mundra

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Expected Period of assignment: 24 weeks The Guarat coastine serves a large part of Northern India, which is witnessing rapid industrialisation. The above ports are being developed in response to the large demand for increased and better port labelies. The new sites are to be developed as specific range handling ports, with capacities of about 8mt per annum.

Bidding Fees Tenative Bidding Schedule Date : Fee (either in Rs or in Dollars), When to pay Activity Rs 5000 US\$ 150 Last Date for Bid Cocurrent Purchase of I Purchaser is eliable to Submet bids for any purchase of Bid mumper of sites Postal Charge If the bid document is Pre bid Feb 5. 19.6 (Intend) document required by intand courter US\$ 30 Last date for Mar 15. Posta: Charge Ps 1000 Purchase of If the bid document is 1396 proposals X=Number of sets the consultant has bed for Processing Fee Rs 10,000"X US\$ 300"X

GMB reserves the right to reject any or all of the bids without assigning any reason whatsoever All correspondence, clearly marked "Reference, Feesibility Study" may be addressed to

The Vice Chairman and C.E.O. Gujarat Maritime Board, Block 6-28, New Civil Respirat Assesse, Merjan Abronedahad 380016, INDIA, Phone: +(91) (79) 374220, 376143, 376163329 Faz: +(91) (79) 365216 Sdr - Vice Charman & CEO, Gujarat Mantime Board, Government of Gujarat

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sure the managements, were to the

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World Wide Fund For Nature

(termeth World Wildlife Fund)

theretap Officer at the address before

IN INDONESIA WE **LEGAL NOTICES** IN THE COMMONWEALTH COURT OF PENNSYLVANIA

LINDAS KAISER INSURANCE COMMISSIONER OF : PENNSYLVANIA,

Plaintiff

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COMPANY,

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2(c). Bids from sale selling agent / authorised supply houses can also be considered provided such bid fulfill the conditions laid down under 2(b)

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Tender documents can be collected on any working day from the office of Sr. Stores & Purchase Officer, 84/C Laymati, Davoriam, P.O. Navelim Margao, Goa, India between 1430 hrs. to 1650 hrs. Tender documents will asso be available for sale at the office of : Dy. General Manager (MSAR), Office of :

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The House Parts, Separati Larope

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Television/Antony Thorncroft

More turkey over New Year

he television companies showed no sympathy for us pathetic misfits whose idea of a rollicking New Year's Eve was to watch the box. Why no heavyweight review of 1995; no optimistic address from our leader; no magic carpet ride to where they celebrate with some style? Yes, we did get to see some Scotsmen's kneecaps, but only after midnight, by which time Edinburgh's spectacular firework display had exploded into the

The run up to the calendar shunt was pathetic - a choice on terrestrial channels of an Australian movie, Strictly Ballroom, a garish antidote to Come Dancing; a repeated Poirot mystery Death in the Clouds, which looked wonderful but played tediously; and a super-safe 1950's musical South Pacific, all bought-in old footage. Only BBC 2 spent energy and money, on a costly adaptation of a great Victorian classic, Return of the Native. No prizes for guessing which was the biggest coco-

Nothing went right for the protagonists in Hardy's novel; nor for the director and cast of this deeply depressing production. It was pretty clear from the start that the Starkadders of Cold Comfort Farm lived just down the lane and belonged to the same village drama

Accents came and went, with Catherine Zeta Jones as the catastrophic catalyst Eustacia Vye sometimes veering as far west as Ireland; facial expressions ranged from shock to horror, with Celia Imrie carrying on seamlessly from her role in Acorn Antiques; the plot lurched from one momentous mishap to the next, carried along by Carl Davis's decidedly tragic music. Hardy dealt in primordial forces; director Jack Gold in emotional cliches. To cap it all Exmoor. so bleak and unforgiving, was substi-tuted for Dorset. No wonder everyone looked disorientated.

Just before midnight the two intellectual channels decided to give time to the issue which has divided the nation all year - BBC 2 waved good bye to 1995 with Blur in performance, while Channel 4 paraded Oasis, the two pop bands whose rivalry was the PR coup of the

Whether by happy coincidence or inspired planning, it was a more struc-tured finale than the old movie on ITV or Angus Deayton on BBC 1, creaking through contrived spontaneity with guests like Alexei Sayle and Maureen Lipman who, judging by their bleary responses, had celebrated Christmas not wisely but too well.

Perhaps they are on the Elvis Presley - - Of course Purcell was just a melodi-

commode", were perhaps less predict-

A sad, funny, thoughtful programme, the silver sixpence among all the duff

How was your Christmas turkey? Turgld and unending, but highly seasoned parts and with some quite chewable trimmings? You, too, feasted on England, My England, the deathbed tribute of John Osborne (abetted by Charles Wood) to Henry Purcell. It was impossible to get through this strong meat at one sitting so the old boiler was preserved (on video) and consumed in driblets over the holiday.

Thankfully, while Bennett lives England can lose Osborne and Stephens and still beat the world-hands-down in loveable eccentrics

diet. Very little on television over the holiday period commanded attention, but Arena on BBC 2 came up with a winning formula on New Year's Day when it married two great contemporary passions of our age, pop music and

The Burger and the King traced the life of Elvis Presley not through his songs but his stomach. This provided a more sensible guide to his career than any course in media studies. Elvis never shook off his poor white roots, or the food of his youth.

He never ate in grand restaurants or anything fancy, like fish, and usually got by on fried peanut butter and banana sandwiches - and do remember to keep them submerged in butter fat for seven minutes. The result was inevitable, although the words of Elvis's undertaker "Mr Presley underwent his terminal event while he was on the ous excuse. As Simon Callow admitted early on, virtually nothing is known about the great composer, so it was no surprise that he turned out to be just like Osborne, fond of a drink, a backroom philosopher on the state of the nation, but a patriot and a fierce enemy of European union.

Even Osborne blanched at having Purcell strike out at the European fishing policy so, sacrificing a coherent script, he allowed Callow twin roles as a measured, melancholic, Charles II and a splenetic modern actor planning

a play about Purcell. This double dating killed the drama stone dead, the heart sinking as we shifted abruptly from spicy Carolingian politics to the banalities of the Green Room, but the extras, the bits around the bird, were excellent - the choir. filmed in shadow, singing that heavenly music: the indelible scene of Queen Mary being cupped as she dies of small pox; re-creations of Purcell's operas that suggested their initial overwhelming theatrical impact.

Under the exotic eye of director Tony Palmer we had baroque palaces and cathedral cloisters, the very essence of old England. We also had the antique glory of Robert Stephens, like Osborne, playing his final role, as John Dryden. Purcell wrote well for death so the whole programme was an extended obsequy, for English eccentrics and for England. It was a shock to see that it was part-filmed in Bulgaria; and a knock-out blow to discover that Osborne's rant from the grave should be part-funded by the EU.

Purcell is buried in the work place, in Westminster Abbey, and his sculpted memorial featured in Alan Bennett's lengthy, three part, meander around what in ecclesiastical circles is known as a "peculiar," a church outside the control of any hishop - very like Bennett, in fact. With his dubious expreswandered around the tombs of the national mausoleum like a clerical floor walker.

There can be no more agreeably gos-sipy guide as he told, sometimes with ridiculous exaggeration, stories of death and decay. He turned the Abbey into a five-star eternal hotel, old grievances quite forgotten among the gilded tombs and dynastic vaults: Queen Elizabeth lies firmly on top of her sister Mary, who thought of killing her, and within talking distance of Mary, Queen of Scots, who she, in turn, managed to

The Abbey proves that time is the great healer. The programmes meandered - we could have done without the choir boys and the monumental masons - but, thankfully, while Bennett lives England can lose Osborne and Stephens and still beat the world hands-down in loveable eccentrics.

Opera/Richard Fairman

An adventurous Luisa Miller

Il eyes are on Opera North at the moment. although the company will not appreciate the reason why. Paul Daniel, music director, has been headhunted by English National Opera and so far has failed to give a decision in public either way, merely stressing in judi-cious words how much he values his work in Leeds.

There are benefits from being in the driving seat of a compact and energetic company like Opera North. Daniel almost certainly has more direct control over what is going on than he would at a large concern like ENO and enjoys the pick of the rare repertoire that has given Opera North its reputation for adventure. Over Christmas a new production of Verdi's infrequently staged Luisa Miller demonstrated everything that makes his job worthwhile.

The foundation of the production's strength was to be found in the orchestra pit. Verdi's score - a not quite masterpiece, composed shortly before Rigoletto and La traviata - was played with splendid vitality and no less well sung by the chorus, demon-strating how conductor and musicians have been working at their Verdi to mutual advan-

age. To complain that Daniel lacks idiomatic flexibility would seem ungenerous, when the younger generation of Italwell. Music and production alike made much of the opera's gradual ratcheting of intensity. In the earlier acts Verdi is keen to show the characters against their social back-ground, which is just the kind

of issue present-day producers cannot resist. Tim Albery had the peasant family living in a toy hut, while the aristocracy were uncaring huntin' 'n-fishin' snobs, who kept their noses as well as their rifles in the air. The grimly stark sets by Stewart Laing were domi-nated by a staircase which led up into the flies and out of sight - apparently symbolic of the climb that senarates the lofty and the lowly in this socially divisive story.

Then, in the final act, Verdi

draws in his focus to the young lovers and, fortunately, the production responds. Once rid of his heavy-handed treatment of the opera's politics, Albery does the decent thing and sets about bringing life to the rela-tionships that are ultimately the main interest in Luisa As in so many Verdi operas,

the emotional burden rests on the shoulders of the father, here the Miller, a baritone like Rigoletto, Simon Boccanegra and others. Alan Opie turned the role into the central figure of the opera. It is a joy to hea a singer who does not just chop up Verdi's vocal lines into the same easily digestible

pieces that everybody else does, but phrases with real care in his own individual way. He also avoided caricature. unlike Matthew Best's Colonel Blimp of a Walter or Clive Bayley's slimy, worm-like Wurm, both products of Albery's unsubtle imagination. Ethna Robinson was rather too slight a Duchess Federica.

The roles of the two young lovers whose deaths form the final double tragedy are - all too appropriately - killers to sing. Working on its limited budget. Opera North must count itself fortunate to have secured the services of the soprano Susannah Glanville and the tenor Arthur Davies. even if she is short on Italianate warmth of tone and he was pressed to his limit in the most dramatic passages. They both did more than get round the notes (Davies shaped "Quando le sere" with thoughtful musicality); they both gave their

Opera North's audiences have some glorious, unfamiliar Verdi to look forward to, as long as they can bear this staging's aggressive visual style and quirks. Meanwhile, the company will be hoping that Paul Daniel is not about to climb that lofty staircase of ambition and disappear out of its grasp.

Further performances at the Grand Theatre, Leeds, on Jannary 9 and 11: then on tour.



Abstair Mui

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INTERNATIONAL **ARTS**

■ AMSTERDAM

CONCERT Tel: 31-20-5730573

 Nancy Argenta: accompanied by planist Kelvin Grout. The soprano performs songs by Haydn, Schubert, Chabrier, R. Strauss, Green, Rorem. lves, Musto, Hundley and Holby; 8.15cm: Jan 5 EXHIBITION

Stedelijk Museum Tel: 31-20-57329 Emmy Andriesse - fotografie: retrospective exhibition of work by the Dutch photographer Emmy Andriesse (1914-1953), particularly known for the photographs she made in Amsterdam in the winter of 1944-45. The display includes fashion photographs, portraits of artists, and photographs Andriesse made while travelling in Europe during the last project she worked on; to Jan 14

■ BERLIN

DANCE Staatsoper unter den Linden Tel: 49-30-2082861

 Don Quixote: a choreography by Patrice Bart after Marius Petipa to music by Ludwig Minkus, performed by the Ballett unter den Linden. Soloists include Oliver Matz and Stetti Scherzer; 7pm; Jan 5 OPERA & OPERETTA

Komische Oper Tel: 49-30-202600 La Boheme: by Puccini. Conducted by Shao-Chia Lu and performed by the Komische Oper. Soloists include Tatjana Kolovina, Sabine Passow, Donald George and Kasten Mewes; 7.30pm; Jan 5 THEATRE Theater am Kurfürstandamm

Tel: 49-30-8813020 Der Kaiser vom Alexanderplatz-by Horst Pillau. Directed by Klaus Gendries. The cast includes Walter Palthe, Madeleine Lierk-Wien, Victoria Sturm, Alexander Wikarski and Martin Kluge; 8pm, Sun 6pm; from Jan 6 to Mar 17

■ BRUSSELS

CONCERT Théâtre Royal de la Monnaie Tel: 32-2-2291200 Roberto Scandiuzzi:

accompanied by planist Enzo Ferrari. The bass performs songs by Caldara, Gluck. Scarlatti and Martini;

■ COPENHAGEN DANCE

Det Kongelige Teater Tel: 45-33 14 10 02 ■ The Sleeping Beauty: a choreography by Helgi Tomasson after Marius Petipa to music by Tchaikovsky, performed by the Royal Danish Ballet. Soloists include

Lesley Culver, Thomas Lund and

Silja Schandorft: 8pm; Jan 4

DETROIT EXHIBITION

The Detroit Institute of Arts Tel: 1-313-833-7963 Romancing the American Frontier: exhibition of paintings and sculptures from the museum's collection showing the remarkic vision of the American frontier. The display includes works by the American artists Albert Bierstadt, George Caleb Bingham, John Gutzon Borglam and Jervis MacEntree; from Jan 10 to Apr 7

DRESDEN

OPERA & OPERETTA Sächsische Staatsoper Dresden Tel: 49-351-49110 Un Ballo in Maschera: by Verdi. Conducted by Ingo Metzmacher and performed by the Sachsische itsoper Dresden. Solcists include Mario Malagnini, Dimitri Kharitonov and Soia Smoljaninova; 7pm; Jan 3.

■ GENOA

DANCE Teatro Carlo Felice Tel: 39-10-5381226 Carmen: a choreography by Antonio Gades to music by Bizet, performed by the Compagnia di Balletto Antonio Gades: 9pm: Jan 4 5, 6 (4pm), 7 (3.30pm)

■ GLASGOW

CONCERT Glasgow Royal Concert Hall Tel: 44-141-3326633

Janis Ian with Carol Laula: perform new material from Janis lan's new album "Revenge"; 7,30pm; Jan 10

■ HAMBURG

CONCERT Musikhalle Tel: 49-40-346920 Duo-Abend: Gabriele Rossmanith and Klaus Häger, accompanied by pianist Carola Theill, perform songs by Johannes Brahms; 8pm; Jan 8 OPERA & OPERETTA

Hamburgische Staatsoper Tel: 49-40-351721 La Traviata: by Verdi. Conducted by Michael Halász and performed by the Hamburg Oper. Soloists include Maureen O'Flynn, César Hernández and Elke Wilm Schutte; 7.30pm; Jen

■ HELSINKI

OPERA & OPERETTA Opera House Tel: 358-0-403021 Die Fledermaus: by J. Strauss. Conducted by An Angervo and performed by the Finnish National Opera. Soloists include Jukka Salminen, Ritva-Liisa Korhonen and Pekka Kāhkönen; 7pm; Jan 4

LONDON CONCERT

Wigmore Hall Tel: 44-171-9352141 The Britten Songs: counter-tenor Michael Chance, tenor Adrian Thompson, bass Paul Robinson, accompanied by planist Julius Drake, perform songs by Purcell, Britten and Wolf (6pm). In the same series soprano Joan Rodgers and pianist Malcom Martineau perform works by Purcell, Britten,

Tchaikovsky, Mussorosky and Shostakovich (8pm); 6pm & 8pm; DANCE

Royal Festival Hall Tel: 44-171-9604242 The Nutcracker: ballet to music by Tchaikovsky, performed by the English National Ballet, 2.30pm &

7.30pm; Jan 6 Royal Opera House - Covent Gerden Tel: 44-171-3044000 ● The Royal Ballet: perform two choreographies by its founder Frederick Ashton: "Les Patineurs", to music by Meyerbeer, and "Tales of Beatrix Potter" to music by John Lanchbery; 7.30pm; Jan 5, 6 OPERA & OPERETTA

Tef: 44-171-8360111 Turandot: by Puccini. Conducted by Noel Davies and performed by the English National Opera. Soloists include Janice Caims, Edmund Barham and Janice Watson; .7.30pm: Jan 5

■ MUNICH OPERA & OPERETTA

London Collseum

Nationaltheater Tel: 49-89-21851920 Hänsel und Gretel: by Humperdinck. Conducted by Helmich Bender and performed by the Bayerische Staatsoper. Soloi include Ekkehard Wiaschiha, Marita Knobel and Silvia Fichtl; 7.30om; Jan 5

■ NEW YORK

OPERA & OPERETTA Metropolitan Opera House Tel: 1-212-362-6000 Die Fiedermaus: by J. Strauss.

Conducted by Hermann Michael and performed by the Metropolitan Opera. Soloists include Cynthia Lawrence, Janet Williams, Jochen Kowalski, Neil Rosenshein, Thomas Alien, David Malis, François Loup and Dom Deluise, 8pm; Jan 4, 6

PARIS **OPERA & OPERETTA**

Giving their best: Susannah Glanville and Alan Opie

L'Opéra de Paris Bastille Tel: 33-1 44 73 13 99 La Bohème: by Puccini. Conducted by Louis Langrée and performed by the Opéra National de Paris, Soloists include Roberto Alagna, Franck Leguérinei, Leontina Vaduva and Jules Basin; 7.30pm; ·Jaan 5

■ STOCKHOLM

OPERA & OPERETTA Kungfiga Teatern - Royal Swedish Opera House Tel: 46-8-7914300 Madama Butterfly: by Puccini. Conducted by Muhai Tang and performed by the Royal Opera Stockholm. Soloists include Inger Blom and Karina Morling; 7.30pm; Jan 5

■ TORONTO

THEATRE Bluma Appel Theatre Tel: 1-416-368-3110 ● Later Life: by A.R. Gurney, Directed by Bob Baker. The cast Includes Nicole Cavendish, Robert Haley, Shella Moore and Tom Wood; Spm; from Jan 4 to Feb 3 (not Sun)

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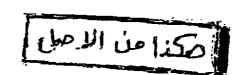
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ernment is unlikely to take

the bold decisions required to

end the war in the south-east,

by giving Kurds a real possi-

bility of expressing their

national identity within the Turkish political system. In

the last parliament Tansu

Ciller, the prime minister, suc-

ceeded in distracting attention

mobilising public opinion

against the "terrorism" of the

Kurdistan Workers' Party (PKK), and in particular by

lifting the parliamentary immunity of Kurdish deputies

who were accused of acting as PKK spokesmen. She also put

pressure on west European

Med-TV, the Kurdish satellite

television station which

Happily this pressure has so far been unsuccessful, but say

eral west European banks.

legal firms and other compa-

with Med-TV, apparently for fear of alienating the Turkish

authorities. Several of the

Kurdish deputies are still in

prison for crimes of opinion,

and have taken their case to the European Court of Human

Rights. In the new parliament

Kurdish nationalists have

been excluded altogether,

even though they won the largest number of votes in

four south-eastern provinces,

because their party fell short

This hardly bodes well for civil peace. The great risk is that ethnic conflict will spread

to the big cities of western

Turkey. There is no way that

Kurds and Turks could be sep-

arated physically, except by

violence on a Yugoslav scale. That is the direction in which

rival nationalisms are now

pointing. As the historian

David McDowall suggests, in a study to be published this

month*, the two peoples' best

hope of avoiding this night-

mare lies in a redefinition of

both national identities, giv-

ing due weight to their com-

of the 10 per cent threshold.

have refused to work

broadcasts from abroad.

from her economic failures by

have been through upheaval.

In Turkey a military coup led

to a new constitution and the

emergence of a new leader,

Turgut Ozal, who presided over a rapid liberalisation of

the economy and began a

more tentative questioning of

the state's underlying Ata-

turkist consensus. In Italy

similarly radical change had

to await the end of the cold

war. This led to the collapse of

the parties that had domi-

nated and exploited the post-war state; an erosion of the

anti-fascist consensus which

had held that state together; a

change in the electoral sys-

tem: and the rise of Silvio Ber-

lusconi, whose power was

based on media ownership not

Yet in both countries there

are now signs of a regression to the norm. Ozal died in 1993.

and Turkish politics is now

again dominated by figures

from the 1970s: Süleyman

Demirel on the right, Bulent

Ecevit on the left, Necmettin

Erbakan as leader of the neo-

Islamists. Berlusconi is still

around, but his spell has been

broken. He no longer demands

immediate elections as a way

of regaining power, but is try-

ing to negotiate the kind of

inter-party stitch-up that char-

The big difference is that

acterised the old regime.

party organisation.

Edward Mortimer

An identity crisis

Ethnic nationalism, rather than political Islam, has become the greatest threat to the peaceful development of Turkey.

"Turkey is like Italy." That Turkish politics has become more interesting, and Italian was the opening sentence of an article I wrote 16 years ago. politics less interesting, to the Both countries then suffered outside world. In the mid-1970s alarm bells rang in from a permanent economic Washington when it seemed crisis, which was never quite as bad as official figures Italy's communists were about suggested; from endemic terto achieve the sorpasso - overtaking the Christian Demororism: and from chronically crats to become the largest unstable governments. Both had sought to free themselves party - or to negotiate their way into government through from backwardness through integration with Europe, and in both the results had a "historic compromise". But no one worried then about brought disillusionment. Both Erbakan's membership of various Turkish governments. Today, few people outside seemed (I wrote) "to be heading for an unspecified 'disas-Italy would worry about a victer which somehow recedes before them through the fog. tory for the post-communist left, whereas the emergence of as if unable to assume a Erbakan's Refab (welfare) clearly recognisable shape. party as the largest in Tur-Instead, things just continue key's new parliament has progetting gradually worse." voked nail-biting in the US Since then, both countries

and western Europe. Erbakan might not like to be called a "Euro-Islamist". since one of his objectives is to switch the emphasis of foreign policy away from Europe towards neighbouring Moslem countries in Asia and Africa. But his politics stand in roughly the same relation to those of Iranian mullahs or Algerian militants as did the "Eurocommunism" of Enrico Berlinguer, the Italian communist leader in the 1970s, to full-blooded Soviet dogma.

Erbakan insists that in government his party would be democratic and non-violent - as it has been in opposition.

Several of the Kurdish deputies are still in prison for crimes of opinion, and have taken their case to the European Court of Human

He claims to want more free. dom, not less. Religion should neither control the state nor

be controlled by it. One might compare these positions to the Italian communists' insistence, in the 1970s, that they would reduce the public sector, not increase it. Like them, Refah benefits from its relatively honest and efficient record in local government, and from its effective organisation and provision of social services at grassroots level in impoverished and overcrowded areas of big cities. Like them it attracts support from many people who care little for its ideology, simply because it appears the only serious alternative to the corruption and obscure internecine rivalries of the parties in power. Like them. too, it seeks to reassure by offering compromise and coalition with the parties in power rather than a clean break.

So far it has found no takers. No leader of Turkey's secular parties has tried to exploit and build on Erbakan's moderation, as the Italian Christian Democrat Aldo Moro did with Berlinguer, drawing him into the system and getting him to share responsibility for unpopular decisions. Instead the secular parties are closing ranks to keep Erbakan out – a tactic which will almost certainly benefit him.

Meanwhile, Turkey's real problems will almost certainly continue to get worse. Even if the promised coalition of the two conservative parties is formed, it will have great difficulty in taking any bold economic decisions, especially those which involve reduction of the bloated and inefficient public sector. Such decisions involving the loss of jobs would not only help Erbakan win new supporters but would be opposed by the two leftwing parties, at least one of which will be needed to give the new government a parlia-

mentary majority. mon Islamic heritage.
Perhaps even more seriously, a weak and divided gov-

uddenly we find ourselves with just three years left before the start - according to binding international treaty of economic and monetary union in Europe.

The crucial decisions on who is to join Emu are due in two years, and these decisions will be based on the economic record of 1997, a year from

No wonder, then, that the Maastricht agenda dominates German economic policy. Growth is sluggish, unemploy ment is high and there is very little by way of easier monetary or fiscal policy that may be safely administered under

present circumstances. In the fiscal area, Germany is manoeuvring ever so closely to a budget deficit of 3 per cent of gross domestic product, which serves as the upper limit permissible for Emu member ship. While the language of the Maastricht treaty leaves some room for interpretation as to the precise level of permissible deficits, the German government has left no doubt of its insistence on stringent interpretation for all Emu candi-

In view of the widespread scepticism about Emu among German voters, this aggressive stance on fiscal convergence makes good sense. But it commits German fiscal policy to a difficult balancing act: it must be tight enough for Maastricht but not so tight as to risk recession. Taxes are already too high in Germany. In other words, fiscal options are very

On the monetary side, the Bundesbank has brought interest rates down to a level consistent with the present state of the German economy. Whatever stimulus the lower interest rates will provide is already contained in their present level. With the discount rate at 3 per cent and inflation at 2 per cent, there is little room for further monetary easing.

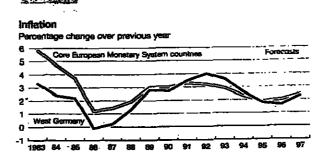
This constrained policy environment hardly suggests that Germany will come roaring out of the doldrums this year or in the foreseeable future. In fact, German economists have recently gone through several rounds of lowering growth forecasts for 1996 to 1.7 per cent for western Germany and 2 per cent for all of

Even this paltry performance still signals improvement rela-

The difficult balancing act

The German economy is unlikely to come storming back this year, forecasts Klaus Friedrich

I Germany



GDP and expenditure

ercentage change, 1991 prices	1994	1995	1996
GDP	2.9	1.8	2.0
GDP (west)	2.4	7.4	1.7
GDP (east)	-8.5	6.8	5.0
Private consumption	0.9	1.3	2.4
Government spending	1.2	1.9	1.0
Machinery/equipment	-1.2	1,3	2.4
	: 7.8	0.9	0.7
Exports	7.5	2.8	3.4
Imports	7.1	2.3 .	3.7

with disappointing west German growth of 1.4 per cent. In contrast to the usual model, in which exports lead German cyclical upswings, the bets this time are on domestic private consumption spending. Thanks mainly to a Constitutional Court decision raising the tax-exempt income limit, real disposable income will increase by 3 per cent this year. This assumes that no new taxes will be added.

Exports, the traditional engine of German economic growth, are losing power. They are simply becoming too expensive. High labour costs remain competitive only as long as relative productivity remains high. Other countries are catching up in terms of productivity while their labour costs remain lower. This question of German competitiveness is further highlighted by

the upward drift of the D-Mark. The worldwide decline in

German exporters: in the old days, inflation in the depreciating currency could be counted on to eat up the temporary gain in competitiveness from nominal depreciation. After a while, the real exchange rate was thus restored to its old level. Today, with less inflation in, for example, the UK, nominal appreciation of the D-Mark remains real appreciation. Last year, the D-Mark appreciated

adjusted basis by 5 per cent. One answer to unwanted D-Mark appreciation is. of course. Emu. Industrialists, according to a recent survey by the German Trade and Industry Association, are much less adamant in their rejection of Emu than the general public is. With one-third of their output being exported, German producers are looking for relief from the unrelenting rise of the D-Mark.

on a trade-weighted, inflation-

inflation tends to work against ity in the exchange markets.

usually caused by Europhobia these days, leaves the D-Mark higher after the smoke clears. Further such episodes would follow if the preparations for Emu were to be thrown off track, a major risk for the Ger-

man economy.
Yet for all the noise and scepticism in the media, the markets expect Emu. How else could a big strike in France - a clear political challenge to the French government - remain all but ignored by currency

speculators? But the question of jobs and income security raised in the French strike is a valid European concern. It was also recently addressed by a German union leader in an offer to trade wage moderation for additional jobs. Europe has only 3 per cent inflation but nearly 20m unemployed. Yet virtually the entire European debate is focused on price stability - even though we already have it.

Low inflation is not a cyclical. European phenomenon, but structural and worldwide. resulting from globalisation. liberalisation and increased

Does this mean that we can throw caution to the wind and ignore the Maastricht fiscal criteria? Certainly not. What we should do, however

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is employ fiscal retrenchment with an eye on incentivecreating tax reform. The everincreasing share of the public sector in our economy has crowded out the market and makes it difficult to respond to the problem of unemployment.

The German system of wage determination has to be decentralised as much as possible, but action so far has been halfhearted. Labour arrangements should be flexible enough to allow optimal use of the capital stock.

The most obviously underused capital stock in Germany is its retail shops. Their business hours are substantially limited by a law, which was originally intended to protect employees against abuses. A recent study shows that abolition of the law would create many new jobs. The government has moved to extend opening hours under the law. but shied away from abolition.

This sort of compromise shows that structural reform is not yet recognised as our only remaining policy option.

They have seen that volatil- The author is chief economist of

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UK GOVERNMENT EUU IKEADUKI DILLI

For tender on 9 January 1996 1. The Bank of England announces the issue by Her Majesty's Treasury of ECU 1,000 million nominal of UK Government ECU Treasury Bills, for tender on a bid-yield basis on Tuesday, 9 January 1996. An additional ECU 50 million nominal of Bills will be allotted directly to the Bank of England for the account of the Exchange Equalisation Account.

2. The ECU 1,000 million of Bills to be Issued by tender will be dated 11 January 1996 and will be in the following

ECU 200 million for maturity on 15 February 1996 ECU 500 million for maturity on 11 April 1996 ECU 300 million for maturity on 11 July 1996 3. All tenders must be made on the printed application forms available on request from the Bank of England.

Completed application forms must be lodged, by hand, at the Bank of England, Customer Settlement Services (formerly Securities Office), Threadneedle Street, London not later than 10.30 a.m., London time, on Tuesday, 9 January 1996. Payment for Bills allotted will be due on Thursday, 11 January 1996.

 Each tender at each yield for each maturity must be made on a separate application form for a minimum of ECU 500,000 nominal. Tenders above this minimum must be in multiples of ECU 100,000 nominal.

5. Tenders must be made on a yield basis (calculated on the basis of the actual number of days to maturity and a year of 360 days) rounded to two decimal places. Each application form must state the maturity date of the Bills for which application is made, the yield bid and the amount tendered for.

6. Notification will be despatched on the day of the tender to applicants whose tenders have been accepted in whole or in part. For applicants who have requested credit of Bills in global form to their account with ESO, Euroclear or CEDEL, Bills will be credited in the relevant systems against payment. For applicants who have requested definitive Bills, Bills will be available for collection at Customer Settlement Services, Bank of England after 1.30 p.m. on Thursday, 11 January 1990 England after 1.30 p.m. on Thursday, 11 January 1996 provided cleared funds have been credited to the Bank of England's ECU Treasury Bills Account No. 59005516 with Lloyds Bank Plc, Bank Relations, St George's House, PO Box 787, 6-8 Eastcheap, London EC3M 1LL. Definitive Bills will be available in amounts of ECU 10,000, ECU 50,000, ECU 1,000,000, ECU 50,000, ECU 1,000,000, ECU 5,000,000 and ECU 10,000,000 nominal.

7. Her Majesty's Treasury reserves the right to reject any

8. The arrangements for the tender are set out in more detail in the Information Memorandum on the UK Government ECU Treasury Bill programme issued by the Bank of England on behalf of Her Majesty's Treasury on 28 March 1989, and in supplements to the information Memorandum. All tenders will be subject to the provisions of the Information Memorandum (as supplemented) and to the provisions of this notice.

9. The ECU 50 million of Bills to be allotted directly to the Bank of England for the account of the Exchange Equalisation Account will be for maturity on 11 July 1996. These Bills may be made available through sale and repurchase transactions to the market makers listed in the Information Memorandum (as supplemented) in order to facilitate settlement.

10. Copies of the Information Memorandum (and supplements to it) may be obtained at the Bank of England. UK Government ECU Treasury Bills are issued under the Treasury Bills Act 1877, the National Loans Act 1968 and the Treasury Bills Regulations 1968 as

Bank of England 2 January 1996

H.B.

·LETTERS TO THE EDITOR·

Number One Southwark Bridge, London SEI 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to 'fine'). e.mail: letters.editor@ft.com Translation may be available for letters written in the main international languages.

Doubts over Emu reflected in Waigel comments

From Mr Peter Frankel. Sir. The statement by Mr Theo Waigel, the German finance minister, that any member not meeting fiscal targets once they have joined the monetary union could be ousted, is a distortion of reality ("Waigel issues strict line on Emu discipline", December 30/ 31). So is the reason for the statement that the D-Mark would not be weakened by the creation of the economic union which must precede the single

currency. Those who believe that the D-Mark would diminish in strength if it joins with other

currencies in a monetary union followed by a single currency are, of course, absolutely correct. Holders of D-Marks will be poorer in real terms when they have been forced to accept Euros in exchange for their currency because of the mixture with weaker currencies even under the joining conditions. Could this be the reason for the reported transfers of billions of D-Marks to Switzerland and other safe havens?

those who have been accepted must deliver their foreign currency reserves to the

Central Bank in Frankfurt. Therefore, they will be unable to formulate their own fiscal policies. The blame for any failure would rest on the non-elected members of the Central Bank board. On these grounds alone Mr Waigel's threat is quite ludicrous.

Under the Maastricht treaty

How does he imagine, even if

he were right, that he could oust any member country from an economic union? The Maastricht treaty does not allow it and his sudden discovery of principles of international law would not be applicable. Or does Mr Waigel. perhaps want to invoke the

German Constitutional Court decision of October 1993 which virtually gives Germany an opt out? The secrecy surrounding this is quite remarkable. Mr Waigel's outburst is just further evidence of the growing doubts everywhere of the whole Emu concept. The quicker it is set aside and

forgotten the better it will be

relationship between European

Peter Frankel "Elmstead", Chapel Road, Limpsfield Common, Surrey RH8 OSX, UK

for the close working

independent nations.

Political point

From Prof Asim Erdilek. Sir, In your December 28 editorial "Bleak outlook for Turkey", assessing the results of the December 24 parliamentary election, you missed an important point. Turkish voters punished, with smaller shares of the total vote since the 1991 election, all three parties - the True Path and the Motherland on the right, and the Republican People's party on the left responsible for the country's economic mess since the late 1980s, and rewarded, with larger shares, the Welfare party on the right and the Democratic Left party on the left, untainted with that mess. Who can blame the voters for that?

Asim Erdilek, professor and chairman department of economics, Weatherhead School of Management Case Western Reserve University. Cleveland, OH 44106-7206 US

Trivial pursuits on regulated Internet

From Dr R.J. Bird. Sir. The news that CompuServe has suspended access to 200 Internet news groups ("Internet groups suspended over pornography fears", December 29), coupled with the moves in the US Congress to impose restrictions on the Internet, are moves towards limiting the use of the Internet for communicating information. So far the Internet has provided a powerful means of communication of Information and as such represents one of the few truly global unifying influences as well as an unprecedented advance in academic communication and discussion. However, the implication of these moves is that both these roles may soon

be curtailed. Significantly, the reasons given in both cases for limiting Internet use are centred around child pornography. It is apparent that the approach which is most likely to succeed

in limiting activities for whatever purpose is one based on the current bogeyman; in this case child pornography, though evidence is lacking that material on the Internet has played any part in criminal behaviour, recently discussed cases being very much to the point. In the US the aim of Congress legislation would be to prevent the use of the Internet for any material which might offend a child, which would include any material incomprehensible to a child. The effect would be to prevent all but trivial information from being passed

The question then arises of what purpose a censored and regulated Internet might serve. It would be unsuitable for academic interchange or for free communication between citizens, but would be suitable for commercial exploitation especially by advertising, for which ironically young people

between people over the

and children would be an

especial target.
If we consider the history of television we can see that it is increasingly sustained by commercial means and at the same time has become ever less suitable as a medium for the communication of information. If the same fate is not to overtake the Internet we must keep clearly in mind the function of information as a public good in society and the equally important and deleterious effects of the disabling of a potential information medium. It will then be clearly apparent that the interests which will be served by the moves to limit freedom of information on the internet currently being initiated are those of commercial gain and not the

50 Highbury. Newcastle upon Tyne, UK

UK taxpayer will end up funding profitable rail services

From Mr Bill Bradshaw. Sir, Lex states ("UK rail privatisation", December 21) that UK rail privatisation will mean lower subsidies. This comment is no doubt based on press releases from the franchise director and ministerial statements. But the figures do not reflect the facts. In the last year (1993-94) that BR was responsible for the

three services which have just

without public subsidy and probably made a useful profit. It is difficult to be precise because the BR accounts do not divide InterCity or the former Network Southeast into individual service groups but it

commentators that South West

Trains. LTS and Great Western

were good performers and that,

been franchised these were

almost certainly operated

is well known among railway

InterCity nor Network Southeast services received revenue subsidies in that year. It is almost certain that not only are the three franchisees

taken as a whole, neither BR's

going to be paid \$140m in the first year of operation to provide services which were previously provided without cost to the taxpayer but that any advantages which the new owners may bring by way of

investment could just as well have been funded from the huge legal and other costs arising from this most complicated privatisation.

Bill Bradshaw, senior visiting research fellow. Centre for Socio-Legal Studies. University of Oxford, Wolfson College, Linton Road, Oxford OX2 6UD, UK

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700 Wednesday January 3 1996

The agenda for world trade

There are few more striking measures of the pace of global economic integration than the buoyancy of world trade. The World Trade Organisation estimates that export volumes grew 8 per cent last year, after a 9.5 per cent rise in 1994. That was three times faster than economic output. Sustained since the mid-1980s, this ratio is wider than in any decade in the past half century.

The rapid growth of trade, and the keener competition it pro-motes, is to be celebrated. It adds to prosperity by stimulating efficient and productive use of esources. It also underpins international security: when goods cross borders, troops are less likely to. But most encouraging of all is what recent trends say about government attitudes.

Despite a recession in the industrialised world in the early 1990s, trade continued to increase and markets remained open. Equally important is the sea-change in poorer countries, notably in Asia and Latin America. After years of sheltering their economies, many are now intent on liberalisation and reform. Increasingly, isolation from the global economy is being rejected in favour of engagement. That does not mean that protectionism is a dead letter. But its intellectual credibility as a basis for policy has been severely

What, now, should be the priorities for trade policy? The most pressing is to ensure that liberalisation maximises economic welfare. Some believe regional arrangements are the way forward. Yet that faith seems unjustified by the record of such ventures as the Asia Pacific Economic Co-operation forum and the western hemispheric trade scheme.

Realistic timetable

Sensibly handled, regionalism may complement multilateralism. But it is no alternative. An increasingly close-knit global economy needs global rules. These can be developed and enforced effectively only by strengthening the WTO. That endeavour, how-ever, needs to take account of important new challenges facing the multilateral system.

One is the need speedily to inte-grate China. That undertaking

will require far greater acceptance by Beijing of external policy disciplines, and a realistic timetable for adjusting to them. Getting the terms right is vital to the success of China's reforms and global economic stability.

The second big challenge is to fill the vacuum created by the probably unavoidable - decline of US leadership of the world trade system. Failure clearly to re-define US trade policy has left it wavering unpredictably between aggres sive bilateralism and multilateral

Economic enemies

As a superpower, the US needs to recognise that it benefits from strong global rules, and that treating political allies - such as Japan as economic enemies damages its own interests. But if other governments want the US to re-engage in the multilateral system, then at the same time they must also become more active in

upholding its principles.

The EU set an encouraging example last year by rescuing the WTO financial services talks and condemning US tactics in the Japan cars dispute. But Europe's free trade credentials will remain shaky while its car market is still protected, its farm trade policy grotesquely distortionary and much of its utilities sector closed to competition.

Japan and other advanced Asian

economies, such as Korea, which have long pursued export-led economic policies, also need to open their own markets more boldly. As well as removing remaining bor der barriers, they should concentrate on regulatory obstacles to free competition, particularly in services. Such reforms are, in any case, essential to continued competitiveness and growth.

The importance of these chal-lenges is thrown into sharper relief by the WTO's first ministe rial conference in December which will play a critical role in entrenching the new institution's authority and setting an agenda for further liberalisation.

More than ever before, that task - and the maintenance of the multilateral system - requires a truly collective effort. It is in the interest of every WTO member to make the necessary commitment.

European equity market

birth, the European Union's investment services directive. which took effect yesterday, promises to bring about a significant measure of liberalisation across European markets. That is certainly true of the proposals permitting 'remote access' trading. whereby securities firms can operate away from home through screen-based dealing systems without having to establish a presence on the ground in the host country. The reform is an important step towards the integration of the European equity market. But it also raises difficult questions for established exchanges.

Much of the argument for liberalising the London Stock Exchange at the time of the Big Bang in 1986 rested on the need to avoid fragmentation in equity trading. Yet the growth of crossborder business, together with the arrival of alternative dealing technologies, has made fragmentation a fact of life. The precise where-abouts of the market is increasingly difficult to identify. But with ophisticated technology, the ategrity of prices is not necessary impaired provided there is

ansparency. As long as people ave constant access to a continully updated reference price for corny given security, liquidity mains available even if there is Con identifiable central market.

No pienisend underlined

perior: fragmentation really has any Chabrining today, it is more to do lyes, W₁ the vulnerability of institu-8.15pr_{is} than any threat to the pro-EXHIE whereby securities are priced. • Er. system is an obvious loser retrosc, the directive. Yet this is no the Durise: its pre-eminent position Andries propean equities was always known ile, since it rested on the conmade fation of uncompetitive dealing ^{4:}tices and costs in other finanfashion centres. From the moment the artists, spental European exchanges made wied to emulate London's Big during the a loss of market share was on; to Jarable. The latest Europeanhange merely underlines a

BEROT business to originate in in local markets, while DANCE f the marketmaking r London Tet 49-30-208

Seaq International's loss is anyway not a direct loss to London. The business will still be carried out by dealers in the City, although it will be booked and supervised through a system carrying another national label. Yet the growth in cross-border competition could pose a threat to London's competitive edge in future.

Benefits eroded

One of the reasons traditionally advanced to explain market practitioners' habit of clustering together in large financial centre was that close proximity permitted a more speedy dissemination of information and reduction of risk. With today's globe-shrinking technology and low dealing costs available 24 hours a day, this looks more dubious. The benefits of incumbency - being in the pole position - may have eroded.

That said, skills remain a vital determinant of how financial services activity is distributed across the European time zone. The 600,000 pool of people working in financial and business services in greater London is the same as the whole population of Frankfurt. Financial skills are acknowledged to be in shorter supply in Paris

Complacency is a serious risk for London, with its numerous natural advantages including benign politics, Covent Garden and the English language. Any serious loss of competitive edge would break the virtuous circle whereby concentration of busines in one centre provides a continu ing incentive for investment in infrastructure. Yet the City itself is not standing still. Yesterday saw the gilt market move closer to the international dealing norm with the introduction of a repo market. The settlement system in equities is at last being upgraded.

The threat stems rather from the politicians. Excessive regula tion, perhaps arising from lack of vigilance by the UK in Brussels eigners, could quickly put London out of the game. It should not be forgotten that the City's postwar role in international finance grew not from native economic strength, but from over-regulation in New York and Tokyo.

Stalled at the new frontier

Foreign investors are frustrated at the contradictory political forces that are blocking progress in Vietnam, says Kieran Cooke

Vietnam: sea-change for foreign investment

vation" policy in the early 1990s, foreigners rushed to seize opportunities in what was seen as Asia's most romising new investment frontier. But the early euphoria has disappeared. Many have been left peering into the dust cloud of the foreign stampede, wondering when they will see a return on their investents. A shake-out is coming.

"Many foreigners had unrealistic expectations about Vietnam," says Mr Jurg Vontobel, Vietnam manager of ING Bank of the Nether-lands. "In the banking sector more than 60 foreign banks have been given licences to open some form of operation here when there is busi-ness to support only about 15 financial institutions. It's likely many

will be leaving soon."

A number of highly publicised withdrawals last year dented Viet-nam's image as a foreign invest-ment El Dorado. Total of France abandoned a \$1.2bn refinery project over arguments with the govern-ment about the siting of the facility. The Australian unit of the P&O group withdrew from a port project in Ho Chi Minh City, the former Saigon, after negotiations became deadlocked for nearly a year. Other investors in smaller projects have packed their bags, frustrated at bureaucratic delays and often contradictory government edicts.
Official figures on inward invest-

ment are impressive. According to the State Committee for Cooperation and investment, more than \$17bn of foreign investment has been approved in nearly 1,500 projects over the past six years. There is, however, a glaring gap between approval and implementation: it is estimated that only about 20 per cent of the projects have been started.

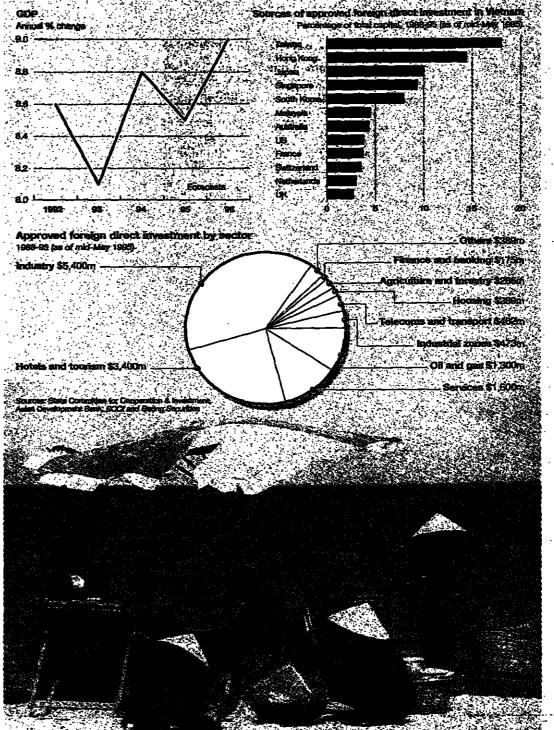
Much of the investment so far ha concentrated on the hotels and office property sectors, catering mainly to foreign business people. "There are a lot of foreign companies here with very little to do," says a Hanoi-based foreign executive. "They are paying office rents higher than London or Paris. People back at headquarters are beginning to ask when the pay-off for all this is going to come.

Analysts of Vietnam's recent economic development see contradictory forces at work. In some respects the country has raced to embrace the market economy with a speed and zeal rarely seen in other parts of the world. Billboards advertising western products are everywhere. Capitalism is raw, alive and well on the streets of Ho Chi Minh City and Hanoi Yet at the same time some senior

figures in the ruling Communist ked up by omcials in t powerful bureaucracy, remain deeply suspicious of outside influences and seek to perpetuate a system of state control.

Free-marketeers have applauded as import barriers have been low-ered or abolished on many goods. Competition has been thrown open in several areas. In the automobil sector 11 foreign car companies have been granted manufacturing

But the average annual per capita income in Vietnam is still only just over \$200, one of the lowest figures in the world. In 1994 fewer than 5,000 cars were sold in the country. The four car manufacturers already in production have difficulty selling their output and there is certain to be plenty of financial pain before



makes a substantial profit.

cals company, has invested \$9m in a which specialises in the installation Chi Minh City - the first such plant since the reunification of Vietnam in the mid-1970s. Now it finds its domestically produced goods undercut by cheap imports. Mr Patrice Descorps, Sanofi's Vietnam manager, says the country has moved from one extreme to another. "Three years ago no one expected

such a dramatic change. Then there were strict price and import controls. Now there are no import restrictions, no price controls, no regulations. It is a complete free-for-all. like nowhere else in the world." Mr Descorps hopes the authorities will eventually realise there must be some form of control if the domestic pharmaceutical industry is to survive. Foreign investors are not the only

ones being hurt by this mayhem in nakes a substantial profit. the marketplace. Mrs Nguyen Thi Sanofi, the French pharmaceuti- Mai Thanh runs the Ree company, trical contracting. In late 1993 Ree became the first company in Vietnam to offer a minority stake to outside investors in a process the government, anxious not to offend Marxist principles, coyly describes as "equitisation" rather than privatisation. The company is now considering a \$15m joint-venture manufacturing project with Carrier of the US to make air conditioners.

"We need protection to grow but the government has already granted licences to two other manufacturers," says Mrs Thanh. "Domestic companies have other problems. Our margins are very low. We have a big problem with bad debts. Borrowing charges are high. It is even harder for us than for the foreign

Yet while there is a rush to the open market and competition in some sectors, the bulk of the economy still remains within state con-6,000 public concerns have so far been sold. Many of the state's domestic banks, which dominate the financial sector, have not been adequately audited for years but are known to have accumulated bad debts and are unable to harness funds for development. The formation of a proper capital market is still some way off: a stock exchange is unlikely to be opened before the end of next year.

"Vietnam has a serious case of indigestion," says one foreign fund manager. "There is about \$400m in foreign funds, plus several hundred million in various private ventures. ready for investing in the country. But it can't be absorbed. The system is just not ready for it." Mr Vo Van Kiet, prime minister, is determined to speed up the reforms. "Our capital markets are still too primitive." Mr Kiet told the National Assembly in October. "We have been too slow in the equition." tion of state companies as well as in the establishment of a stock market. To perpetuate this situation is to perpetuate the backward and ineffective nature of the economy." In an effort to shake up the administration, Mr Kiet also managed to push through a wholesale reorganisation and streamlining of

ministries and reducing the number of cabinet ministers. Some of the red tape surrounding the investment process is likely to disappear with the merging of the state investment committee, hitherto the main body overseeing forerto the main body overseeing for-eign investment procedures, into a new Ministry of Planning and Investment. However, for all his reformist zeal, Mr Kiet cannot hand down edicts in the same way as Mr

the government, amalgamating

Lee Kuan Yew of Singapore or Malaysia's Dr Mahathir Mohamad. Not only does Mr Kiet have to appease numerous groups - from powerful local People's Committees and Veterans Associations to cyclo-drivers co-operatives and squatter groups – he also has to abide by the strictures of the Communist party, still the dominant political force in the country.

In the run-up to a Communist party congress likely to be held in the middle of next year, observers see a tussle between the reformers and conservatives within the party. An intense debate is under way about the scope of the reform process. Many in the secretive higher echelons of the party are thought to

senior politburo member, says Vietnam has bypassed of an economy driven by stateregulated market mechanisms. "We have to know how to apply the capitalist forms and approaches and make use of capitalist economics in the form of state capitalism in order to build socialism."

A plethora of new laws has been passed in recent years. Some are designed to ease the way for foreign and domestic investment in the economy. But others act as a disincentive and are seen as evidence of the influence of strongly conservative elements within government. A law promulgated in 1995 declared all land the property of the state. Although reformers have tried to soften the impact of the legislation, the law, if strictly applied, means land cannot be used as collateral for loans or to establish any clear title to property - a big handicap for both foreign and local investors.

to the considerable progress of recent years. Parts of the country are being transformed after years of war and internal division. The economy grew in 1994 by 8.8 per cent and is expected to have expanded by about 9 per cent in 1995. Vietnam's 72m people are resourceful and hard-working, with a relatively high standard of education.
But long-time observers of Viet-

nam feel that as long as the conflict between state control and the forces of the open market remains unresolved, confusion will continue. Doi moi, first announced in 1986, was hailed as a great victory for the reformists. But the battle continues. Its outcome will determine whether investors stay - or leave in search of another new frontier.

OBSERVER

Striking it lucky

■ A small coup for Chime Communications, the public relations company founded by Sir Tim Bell, erstwhile PR consultant to Mrs Thatcher. It has landed the redoubtable Sir David Hannay, lately Her Majesty's ambass the UN, as a non-executive Sir David is the quintessential

British mandarin, who in his penultimate posting in Brus was known (not always behind his back) as Sir Humphrey, because of the striking similarity in his manner of speech to the television star of Yes. Minister But as well as being a highflying diplomat, Chime's new acquisition has plenty of hands-on media

experience. On arrival in New York, Sir David became a 'TV star in his own right. As the Gulf war broke around him, he was "discovered" by the US networks as a natural communicator succinct and sometimes startlingly direct. His success with the media was such that it even caused the occasional frisson in relations with

his US counterparts. His diplomatic UN experience should come in useful for Sir Tim, who last year flirted briefly with the idea of improving the image of the unlovely Nigerian government, before it executed Ken Saro-Wiwa. "His enidance and counsel would

be particularly helpful in a case like that," says Piers Pottinger, managing director of Chime. But Sir David's real strength lies in an unrivalled knowledge of the European Union. He knows better than any where the bodies are buried. So who will bid next for his whispered advice?

Remote control ■ So has the world utterly misunderstood Vladimir Zhirinovsky, the ultra-nationalist

politician who believes Russian troops will one day wash their boots in the Indian Ocean and recapture Alaska? According to his wife, the politician labelled "Mad Vlad" by the world's media is a gentle soul who frequently gives her roses, likes watching Storn Loke at the ballet, and asks permission whenever he wants to change television channels. He is "very quiet and peaceful", she confided in Helsinki yesterday.

Then again, it appears that living with Zhirinovsky for 25 years may have coloured her own perspective on the world. Yesterday, she agreed with her husband's views: that Baltic nationalists should get in their boats and start rowing if he becomes president in June. "Everyone in Russia wants the Baltic states returned," she asserted. Well, not quite. There are Russians aplenty who think that Stalin's invasion of Lithuania, Latvia and Estonia in 1940 and the

subsequent deportation of thousands to Siberia is a practice best not repeated.

Wedding bath A Taiwan couple have chosen

an unlikely spot for their wedding ceremony. They have spent \$1m building a hixurious public bathroom in a park in central Taiwan, according to a local newspaper. They have also persuaded another five couples to get married at the same time in a old to set a world record for a mass bathroom wedding. The groom and bride, Lee Wang feng and Chiu Chiu-kuei, said they wanted to marry in a bathroom because it is a room everyone visits often. However, they did not disclose whether they would change out of their birthday suits after their wedding shower.

Signal failure One of the perks of rising to director-general level within the European Commission is that you get to choose the nationality of your driver. Whether or not you can state a preference for the chauffeur's sex is less clear - but.

in practice, the bigwigs' drivers are

indeed, there isn't a single woman at the wheel of a European bureaucrat's car (in a paid capacity) - a matter that is

currently exercising Sue Waddington, a Labour Euro-MP who sits on the European Parliament's all-party committee on women's rights. She has written to the Commission asking what

steps are being taken to "remove this injustice". The Commission's very own Equal Opportunities Unit admits there is still "a long way to go" in achieving equality. "Women are still confined to subordinate positions and the closer they come to decision-making levels the fewer they are in number", it says. In other words, decisions about whether to jump a red light are still in the hands of men.

Whipped in shape ■ What did Anna Paviova, Russia's most celebrated ballerina, say on her death bed? According to legend the last command of Paviova, the most famous of all ballet's dying swans, was to "prepare my swan costame". However, nearly 65 years after her lonely death in a Dutch hotel room, Jean Thomassen, a Dutch painter and Paylova fanatic, has come up with a revised version. In a new book he notes that Pavlova asked her private maid Margaritte to bring her the designer dress she had recently bought in Paris so that she could send it back for a refund and use the money for one of her orphanages. Now we know why they named a sweet after her.

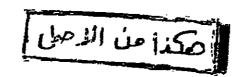
Financial Times

100 years ago The defeat of Jameson

A most painful feeling will be aroused throughout the country by the news that the force led by Dr. Jameson into the Transvas has not only been met by the Boers in serious conflict, but has been so conclusively defeated that it has been compelled after bard fighting to surrender. The loss of life that has resulted from this mad expedition has yet to be fully ascertained, but at an early stage of the fight the Boers are stated to have had 22 wounded prisoners including three officers and to have buried five of the dead enemy. So ends this deplorable attack, which had been so ambitiously undertaken It was the latest development of the land-grabbing craze that has for years possessed the South African Colonists.

50 years ago

Irrawaddy Flotilla The Irrawaddy Flotilia Company announces that an agreeme has been reached whereby the undertaking will be employed as agents for the Government of Burma to operate inland water transport services in Burma. The company will receive hire for the use of its craft and properties and remuneration for managing and operating these assets and those provided by the Government on terms which the directors consider satisfactory.





FINANCIAL TIMES

Wednesday January 3 1996



Threat to government as majority dwindles

Ulster party may oppose **UK** Tories on key votes

By George Parker in London and John Murray Brown in Dublin

Britain's Conservative government last night faced an uncertain new year, after the Ulster Unionists warned they might oppose it on key votes.

the prime minister, Mr John Major, is down to five, and the opposition Labour party yesterday promised "a lively time" for the government. Mr John Taylor, deputy leader

of the Ulster Unionist party. suggested Mr Major might secure the support of the UUP if he entered into a formal coalition. Without such a deal, the prime minister could face possible defeat on a range of sensitive issues, from Europe to Labour amendments to the Finance Bill calling for a cut in value-added

Speaking on Irish Radio, Mr Taylor said a coalition could be "an ideal answer" to the stale-mate in the Ulster peace process because "it would give responsibility within the government to people who are answerable to the electorate in Northern Ireland".

He added: "We will not be automatically supporting the govern-ment. Each issue will be decided on its merits and we could easily find ourselves in a position where we would be supporting a vote of no confidence in the government."

But senior Tory officials made clear last night they had no intention of entering into a formal deal with the UUP, which would be viewed with anger by the nationalist community in Northern Ireland

Mr Major will rely increasingly on the support of the nine Ulster Unionist MPs in 1996. His majority will shrink to three in the spring if the Tories lose two pending by-elections, and even that majority relies on the support of the Eurosceptic MP Sir Richard Body, who has resigned

revival in 1996 were dealt a defection to the Liberal Democrats of Miss Emma Nicholson, MP for West Devon and Torridge, who said yesterday that she might resign and force a by-election if her constituents

wanted one. Although the Lib Dems might expect to win the seat comfortably, senior party figures hur-riedly made plain they had no desire to see such contest. Amid fresh doubts about the future of Mr Major's government. concern is growing in Dublin and London at the series of murders

of Roman Catholics. Police believe they represent an attempt by the IRA to reassert ties. Sinn Féin yesterday refused to condemn the shooting of a Catholic man in Lurgan on Monday - the fifth killing in recent weeks of alleged drug dealers.

China issues new listing rules for hard currency B-shares

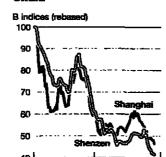
By Geoffrey Crothall in Beijing

China yesterday issued its first rules on the listing and trading of hard currency B-shares in an attempt to consolidate and unify the national market.

B-shares, first issued in late 1990, have until now been regulated separately by China's two securities exchanges in Shanghai and Shenzhen. They are available to foreign investors, to Hong Kong. Taiwan and Macao nationals, and to Chinese nationals living abroad.

The new rules, published by the official Xinhua news agency. state that new listings in excess of \$30m must first obtain approval from China's cabinet. the state council.

Companies seeking to list B-shares must hold at least 35 per cent of the initial offering and invest a minimum of Yn150m (\$18.1m) in the issue. Companies hoping to expand their capital with a new offering must have a minimum net asset value of Yn150m and have shown a miniprofit before the offering.



tory committee.

mark a significant departure ing the 36 B-shares listed in \$490,000.

Shanghai and the 32 listed in Shenzhen and are not expected to have a major impact on the market, which has been fairly dormant for several months. The rules are being seen by analysts in Beijing as simply an attempt to unify the market and create a more orderly investment environ-

ment for foreign investors.

In spite of the restrictions on who may hold B-shares, much of the investment in the companies during the past two years has come from mainland investors using intermediaries abroad.

Many analysts believe that as China moves towards full convertibility of the yuan. B-shares will gradually become redundant. With convertibility on the current account, Chinese companies will no longer have the same need to raise hard currency through B-Share offerings.

• The Shanghai B share index ended sharply higher on institu-tional buying in selected stocks yesterday. Reuter reports from The new regulations do not Shanghai. The index rose 0.987 points, or 2.07 per cent, to 48.672

Bosnian Serbs are abducting

The Bosnian government yester-day accused Bosnian Serbs of abducting 16 civilians, giving the Nato-led force its first real chal-lenge in enforcing the ambitious

The people were detained over the past week while driving through Ilidza, a Serb-held suburb of Sarajevo, using a route newly opened under the Dayton agreement, according to a statement from the Moslem-led gov-

Mr Hasan Muratovic, a government minister, said the civilians were pulled out of their cars. In a formal protest letter to Admiral Leighton Smith, Nato commander in Bosnia, he asked the international force (Ifor) to end what he called "Serb terrorism". Nato officials yesterday said they could not confirm reports of

that it was a police matter.

UN officials dismissed what
they called "Nato attempts to movement across former front lines is the key part of the Ifor mandate," said one official in Sarajevo. "If Ifor wants to suc-

A Serb official said "terrorists who had been sent to destabilise Ilidza before the handover" had been arrested. Under the Dayton agreement, Ilidza is one of several Serb-held regions due to be turned over to Bosnian govern-

The official said 10 Moslems and two Serbs had been arrested crossing into Hadzici and Ilidza, Serb-held suburbs of Sarajevo. Nine of the people were detained on December 22 and on Monday another three, who the official claimed were members of the 131 Bosnian light infantry brigade, were held.

He accused the Bosnian government of sending infiltrators into Serb-held lands in order to

"Fund management

companies rated **SBC Warburg as**

providing the best pan-European

Research...".*

Financial Times, December 5, 1995 *Source: Reuters study carried out by independent consultants

Fair comment.

SBC Warburg

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based by SBC Workung, a division of Swiss Bank Corporation, regulated in the UK by the Securities and Fatures Author

accused of 16 civilians

peace accord.

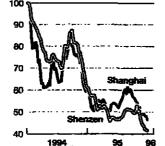
the kidnappings and suggested

pass the buck". "The freedom of ceed on this very difficult issue, they have to get their act together really fast."

spread an atmosphere of panic before the handover of the region to Moslem control.

"These were not abductions but arrests of Moslems entering the area illegally ... in statesponsored terrorism," the official

The incident drives home the challenges Ifor will face even



in an attempt by the central authorities to gain greater control over new listings, the regulations - which take immediate effect - state that the lead underwriter for a new listing must be approved both by the central bank, the People's Bank of China, and the China securities regula-

Clinton in new moves to end impasse over US budget

Continued from Page 1

accept the condition of limiting the time allowed for debate on the overall budget. The broader impact of the shutdown, which also affects about 750,000 civil servants who are at work but being paid less than full salaries. remains scattered. Small federal

contractors, including those running canteens, and communities dependent on the seasonal trade around national parks, appeared most affected, along with federal employees. Most government economic statistics, mainly compiled by the labour and commerce departments and watched by financial markets, are not

980

being published. Yesterday's victim was the construction returns, while Friday's unem-ployment figures are unlikely to appear. A protracted shutdown would eventually begin to affect collection of economic data, officials say. Although no important opinion polls were published over the holidays, most had pre-

viously shown the public much more inclined to blame Congress than the president for the state of affairs. This may explain the relative moderation displayed by some members of the hardline Republican freshman class in the House in conceding even their on the negotiating table.

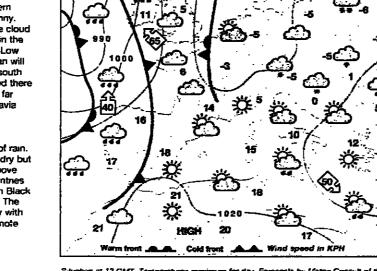
FT WEATHER GUIDE

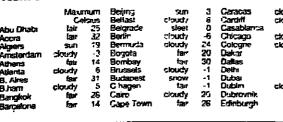
Europe today

Near gate and gate force winds will cross Ireland bringing rain to the west. The rest of the British Isles will be cloudy and dry and Scotland may have sunny spells. The Low Countries, Germany and norther France will be mostly cloudy. Southern France and eastern Spain will be sunny Portugal and western Spain will have cloud and rain. Italy will be dry with cloud in the north and sunry periods elsewhere. Low pressure in the eastern Mediterranean will cause torrential rain along Turkey's south coast. The Balkans will be cloudy and there will be rain in Romania and show as far north as Latvia. Russia and Scandinavia will be very cold with some รนก.

Five-day forecast

Portugal will be unsettled with a lot of rain. Central Europe will remain cold and dry but a band of rain turning to snow will move across France towards the Low Countrie and Germany on Friday. The western Black Sea region will have occasional rain. The British Isles will be windy and cloudy with rain at times. High pressure will promote fair conditions in Scandmavia.





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THE LEX COLUMN Healthy incentive

International investors have not had to wait long for the year's first sub-stantial takeover bid. Those offered SKr10.3bn (\$1.7bn) for their 58 per cent holding in Swedish medical group Gambro must be tempted to carry right on with their New Year celebrations: at SKr155 a share, the offer has been pitched at a 20 per cent premium to a price already buoyed by takeover speculation. Incentive, the holding company of Sweden's Wallenberg family, is bidding 19 times forecast 1996 earnings for Gambro even though it already has a voting majority.

As a world leader in kidney dialysis equipment, Gambro is an attractive catch. It has increased profits by a 20 per cent a year for the past decade from a broad international base. Still, paying a price that - by its own admission - will dilute Incentive's earnings per share by almost 20 per cent this year seems hard to justify.

After 75 years in business, however, the Wallenbergs are probably sanguine about the short-term impact. The Gambro deal will accomplish two things: it will bring further expansion in high-tech industries and outside Sweden, where the family controls or influences 40 per cent of companies listed on the Stockholm stock exchange. And it will transform Incentive into a real industrial company. To date it has been seen as a warehouse for the family's second-line assets and seen rated accordingly - currently it trades on just six times earnings. If that perception can be altered, the price paid for Gambro will be well

Turkey

Turkey's elections have left the country adrift. The immediate worry for western investors is not that the piggest share of the vote was won by a party pledged to turn the country into an Islamic republic - since the Islamists stand little chance of persuading others to join them in a coalition. It is that Turkey's two centre-right, pro-western parties do not have a majority between them. And a three-way coalition, which would have to include one of the country's left-wing parties, is unlikely to deliver the nasty dose of medicine the economy badly needs.

Over the last 15 years, Turkey's economy has managed to grow by 5 per cent a year on average the strongest performance in the OECD. But growth has been volatile; in 1994, the conomy actually shrank by 6 per cent. Although growth has picked up

ibul SE Composite (\$ terms) 2,000

since then, inflation is still over 80 per cent. And the government's finances are in a mess, forcing short-term inter-

est rates above 200 per cent.
With rates so high, it is not surprising that Turkish equities look cheap, trading at less than six times average earnings: It would, though, be a brave investor who bought shares now. For one thing, customs union with the EU will expose many Turkish companies to tough competition. For another, inflation and interest rates are likely to remain high, and the currency weak, until the government administers a genuinely radical pruning of the country's sprawling public sector. In the wake of the elections, this looks as

Gilt repos

The opening of the gilt repo market yesterday marks not only a further step in the modernisation of the UK's gilt market; assuming it is successful, is also likely to lead to changes in the way the Bank of England executes monetary policy. Currently, the Bank controls liquid-

ity by issuing bills up to three times daily. Other central banks, such as the Banque de France and the US Federal Reserve, use repos for this purpose, typically once or twice a week. Some argue that the frequency of the Bank of England's market operations gives it a more subtle influence. This may have some truth, but the British system also has considerable drawbacks. Most important, the bills market is dominated by the clearing banks. which in practice are able to manipulate the market. The Bank of England has yet to

decide whether to change to repos for its money market operations. But, if a liquid repo market is established, the momentum to shift will become almost hresistible. It may take some time for liquidity to develop: critical mass probably means a market of £20bn-30bn. But a liquid repo market. used by a much larger number of financial institutions, would allow the Bank to influence the behaviour of a broader range of market participants. and make the market more difficult to manipulate. Furthermore, the Bank could well find it had greater scope for easing or tightening monetary policy without moving official rates. And its intentions would be simpler to read than under the current overcompli-

Forte/Granada

Forte yesterday went all-out to buy the loyalty of its long-suffering share holders and came out with a convincing package. There is £800m of cash, through a share buy-back which should win the hearts of many tax-exempt institutions, given the tax credits that come with it. Meanwhile, the 20 per cent annual dividend growth projected up to January 1999 is way ahead of forecasts - although the additional cost to Forte in the first year will be almost entirely off-set by the reduction in shares from the buy-back. Of course, the deal leaves Forte looking stretched. Dividend cover will be only two times and interest cover three. Nonetheless, it is a good time in

the hotel cycle to have gearing. It will keep pressure on the management to deliver on their promises and encourage the sale of trophy assets, which in turn would enhance earnings. Given Sir Rocco Forte's unfortunate unwillingness to split his chairman and chief executive roles, such assurances are important - after all, the recent transformation has come at the end of a

shotgun barrel.

This is all bad luck for Granada. At least UK regulatory changes mean that it now has the option of buying another television company, if it loses Forte. And given Granada's superior management track record, a higher offer could still win the day. But it is hard to see how much more Granada can justify paying. The potential loss of management contracts, combined with the likelihood of an increased hotel depreciation bill, means that Granada will have to work some magic to make the numbers look

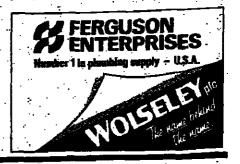


FINANCIAL TIMES **COMPANIES & MARKETS**

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Share price (S)



IN BRIEF

Toys 'R' Us sales reflect retail gloom

Toys "R" Us, the US toy store group, provided further evidence of the gloom that afflicted US retailers this Christmas by announcing that sales in its US stores open a year or more had risen by less than 1 per cent in the eight-week period to Decem-

Report suggests \$40bn European IT outlay Europe's 100 biggest spenders on information technology invested an estimated \$40bn worldwide on IT in 1995, according to a survey. Siemens, the German electronics group, heads the European league, with \$2.29bn of expenditure last year. Page 12

PNC Bank revamps securities portfolio PNC Bank has for the second year running announced a restructuring of its securities portfolio. The move marks an attempt by the Pittsburgh-based financial institution to make itself less vulnerable to changes in US interest rates. Page 12

The past 12 months have been a remarkable time for the Philippine Long Distance Telephone Com-pany. As the most watched Philippine American depositary receipt on the New York Stock Exchange, its share price has tracked the Manila exchange's volatile fortunes. Beneath the surface, however, it has been pursuing the most rapid telecoms expansion in the country's history. Page 12

BTR quits Malaysian venture in £57m sale BTR, the UK industrial conglomerate, is withdrawing from the Malaysian petrochemicals industry as part of its programme of non-core disposals with the sale of its minority interest in the Malaysian operations of Titan petrochemicals for M\$224.7m (\$87.8m). Page 13

Calor in \$31m Latin American investment Calor Group, the UK supplier of bottled and bulk gas, is expanding its operations in Latin America with a \$31m investment in Supergasbras Distribuidora de Gas, Brazil's fourth largest distributor of liquefied petroleum gas. Page 14

Farm breeds face genetic pitfalls



Geneticists can select farm animals such as pigs and poultry for breeding from a small number of apparently ideal animals. But if they neglect to select for old-fashioned virtues such as good legs, resistance to disease and a desire to reproduce, they risk producing animals which may have incredible quality characteristics but which cannot stand, will not breed and tend to lie down and die. Page 15

Study says Zantac to lose top drug status Zantac, the world's best-selling drug since the mid-1980s, will virtually disappear by 2000, displaced by newer drugs, according to a report. The ulcer drug made by Glaxo Wellcome of the UK will be replaced at the top by a rival, Losec, made by Sweden's Astra, says Lehman Brothers, the securities house. in its review of the global drugs industry. Page 16

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Wednesday January 3 1996

Forte promises £800m share buy-back

Forte, the UK's largest hotels group, has promised shareholders a share buy-back worth £900m (\$1.2bn) if the hostile £3.3bn bid from Granada fails.

The main defence document, published yesterday, also commits the group to increasing its dividend by 20 per cent for the next three years.

Sir Rocco Forte, chairman, said the document was the equivalent of a prospectus for a new hotel company. "Going forward, this is a terrific and attractive investment," he said. Shares in Forte rose 124n to close at 343p yesterday, while Granada shares

fell 3p to 642p. Granada, which has until Tuesday to increase its offer, described the defence as "a quick fix which fails to address the

The television, catering and leisure group is offering four new shares plus £23.25 cash for every 15 Forte shares, worth 324p a share at last night's close. There is a fully underwritten cash alternative of 321.67p. Granada is expected to write to Forte shareholders this week

with a detailed rebuttal of the defence

Analysts and investors were impressed by Forte's defence. "It answers a lot of questions and goes a long way towards justifying some of the rhetoric," said one observer.

The buy-back of about 20 per cent of the shares will cost Forte £662m; tax credits will raise the value to shareholders to £800m. It will soak up most of the cash generated by the agreed disposal of the roadside restaurant businesses to

Whitbread for £1.05bn and leave the group with gearing of 45 per cent and interest cover of about three times.

The price range for the share buy-back is between 330p and 400p. At the mini-mum price, investors taking this option would receive 284, including tax credits, for every 100 shares, and retain 79 Forte

Forte is also distributing to shareholders its stake in the Savoy, worth about 23p per Forte share. The profit forecast of £190m for the current year, together

Hotels group to raise dividend to fend off Granada's hostile bid with the asset revaluation of £3.35bn for the hotels, had already been announced. The dividend is being raised for the first time in five years, by 21 per cent to 8.50. Further rises of 20 per cent are pledged for each of the next three years, taking it to 14.69p in 1998-99.

The document also breaks down the profits from the different hotel operations. The Exclusive hotels, which account for nearly a third of the asset are expected to contribute £27m to total hotel operating profits of £186m.

The Meridien chain is expected to contribute £43m, up from a previous £26m.

Lex, Page 11; Buy-backs, Page 14

US budget uncertainties contribute to sales slowdown

Shares in **Silicon Graphics slide 19%** on warning

Silicon Graphics, the leading US manufacturer of graphics workstations used in film animation, graphic design and computer simulation, surprised investors yesterday with a profit warn-

ing.
The company said it expected net income for the second fiscal quarter to December 31 of about 30 cents a share, down from 34 cents in the same period a year ago and well below Wali Street predictions of about 43 cents a

Silicon Graphics' share price dropped \$5%, or 18.5 per cent, to \$22½ in mid-session yesterday.

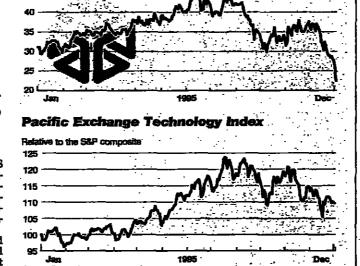
Revenues for the quarter would be about \$675m (£438.3m), up from \$550m in the same quarter a year ago, the company said. Analysts had been predicting revenues of up to \$750m.

The slower than expected revenue growth is a setback for Silicon Graphics, which has become a Wall Street favourite because of its leadership in the trend toward visual computing" and multime dia applications.

It appears that Silicon Graphics may be the latest victim of overheated investor expectations over Internet. Silicon Graphics computers are

artists to create three-dimensional images for applications ranging from product design to scientific modelling and the creation of film special

used by engineers, scientists and



effects, as well as graphics on the Internet and computer games software.

Our revenue growth rate in North America and Europe did not meet our expectations," said Mr Edward McCracken, Silicon Graphics chairman and chief

He cited several contributing factors, including a slowdown in sales to the US government caused in part by uncertainties over the Federal budget.

European results were affected by slowdowns in the economies of Germany, France and the UK. Sales via third parties were also below expectations. Analysts noted Silicon Graphics was expected to introduce a new range of workstations later this demand for existing products.
Silicon Graphics also faces

mounting competition as 3D graphics become a staple of desktop computing.
Sun Microsystems, the work-

station market leader, is under-

cutting its prices for high-pow-

ered workstations

Low-cost multimedia personal commuters also now offer some of the graphics capabilities of more expensive workstations.

Nonetheless, Silicon Graphics said it was increasing its share of the visual computing market and its operating profitability compared favourably with that of

"Our fundamental competitive position remains favourable." said Mr McCracken.

Shares of other workstation manufacturers were also down slightly following the Silicon Graphics announcement.

Sun Microsystems was trading at \$44'4, down from Friday's close of \$45%. Hewlett-Packard was at \$82%, down from \$83%, and Digidown from \$64% on Friday. Silicon Graphics will announce its final quarterly results on Janu-

The company said it had cut its planned expenses growth as a result of the preliminary secondquarter results.

Incentive bids \$1.5bn to take full control of Gambro

shareholders expressed concern

at the bid's structure. Incentive paid SKr170.50 for the vote-

heavy, non-quoted A shares held

by the Crafoords, while paying SKr153.30 for quoted B shares.

One institutional shareholder

said he was opposed in principle

to the payment of different prices for the two classes of

Gambro B shares jumped

SKr27.00 on the news to close at

SKr152.00, while Incentive A

shares fell SKr16.00 to SKr275.

ing its bid through, completing a process started with its purchase

in April 1994 of effective centrol

Gambro has a leading position

worldwide in renal care, last

of Gambro from Volvo.

Incentive is confident of push-

share.

By Hugh Carnegy in Stockholm

Incentive, one of the Wallenberg empire's main industrial companies, yesterday launched a SKr10.3bn (\$1.5bn) bid to take full control of Gambro, a Swedish medical technology group it first bought into in 1994. The move, which valued Gam-

bro at more than SKr18bn, represents a further step by the Wal-lenberg empire to lift its holdings in high-technology growth industries to balance its strength in cyclical sectors such as engineering and forestry. Incentive, with interests

spread from medical technology, through transport to cargo handling and power, said it had already reached agreement to buy Gambro shares held by the Swedish Crafoord foundation and Crafoord family members. The purchase raised Incen-

tive's ownership in Gambro to 49.4 per cent of the capital and 73.5 per cent of the voting stock, from 42 per cent and 58 per cent

year taking over REN Corp, a US dialysis clinic chain. Recently it espectively. has been growing steadily, post-Incentive also offered in pre-tax profits of SKr946m in

standing publicly-held stock in year, a 13 per cent rise over the Gambro - a premium of 32.5 per cent over the average share price during the past 30 trading days. Despite the premium, some Mr Mikael Lilius, Incentive's

chief executive, called Gambro the "cornerstone" of a more tightly focused group future and signalled that other parts of the group would be sold off. "This is a big step on the road from an unprofitable conglomer-ate to being a leading Swedish

industrial concern," he said. The sale of other operations would also offset the cost to Incentive's financial strength of

the Gambro purchase. The cost will reduce Incentive's equity to assets ratio from 50 per cent to 34 per cent and is expected to reduce earnings per share in the short term by SKr7-10, compared with an eps in the year to September of

SKr30:04 But the Wallenbergs clearly see Gambro as an important asset alongside other non-cyclicals such as Astra, the pharmaceuticals group, and Ericsson,

Slow start for open market in repos

By Richard Lapper in London ment of a number of would be

Banks and other businesses already active in UK government bond dealing yesterday domi-nated the first day of trading in the open market in gilt repos sale and repurchase agree-

The open market in repos, which allows all participants to stock, represents the latest stage of reform to make the market user-friendly for foreign investors, increase liquidity and reduce the government's borrow-

ing costs. Systems and documentation problems reduced the involveparticipants in the new market, although dealers said the number of transactions had been in line with expectations.

"The market is not in full swing but it has begun in earnest. We are encouraged that it hasn't been a damp squib. There are people in there willing to deal, said Mr Philip Shaw, group

discount house. Gilt edged marketmakers (Gemms), whose exclusive privilege to borrow government stock has disappeared as part of the reform, were among the most

active players. Ms Una van Dorssen, director

Markets, said many deals agreed yesterday had been short-term, either overnight or one or two weeks. She expected the terms of transactions to lengthen as the market becomes more liquid.

Repo rates quoted yesterday were said to be very close to those being quoted in the inter-bank market. The money marbeing priced off the interbank curve," said Mr Shaw:

As the market becomes more liquid, repo rates are expected to fall as investors in repos enjoy greater security than those in the unsecured interbank market.

Barry Riley

Riddle at the end of Japan's rainbow



Japanese financial markets finally reopen for the new vear tomorrow the headline indicators - the Nikkei stock market aver-

age and the yen! dollar exchange rate - will both be remarkably close to where they started 1995. However, the collapse in the 10-year bond yield from 4.6 to 2.9 per cent gives a better clue to the impact of the drastic reliquification policy which has propped up the banking system, stabilised the yen and possibly brought the economy close to recovery.
In globalised markets, how-

ever, massive stabilisation measures in one place are liable to generate instability elsewhere. Last year the main consequence appeared to be inexplicable strength in the US securities markets. Nobody complained, except wounded bears, but at some stage there will be a downside, which central bankers ought to be worrying about. The crucial question for 1996, therefore. is whether Japanese policies will shift again.

At the moment the consensus is probably that Japan, after its economic standstill in 1995, will grow by about 2 or 3 per cent this year, but that short-term money rates are unlikely to budge from 0.5 per cent and the yen will not be permitted to rise to a rate of fewer than 100 to the dollar.

The point is that Japan is currently the world's leading victim of debt deflation. Low interest rates have failed to stimulate demand because of the burden of existing indebtedness: private sector debt is equivalent to some 190 per cent of GDP, against the OECD average of 120 per cent. Certainly the strong liquidity flows are failing to create general inflation in the broader economy. Consumer prices fell slightly in 1995. The immediate effect of the financial policies has been to dis-tort financial asset values both inside and outside Japan.

indeed, this could get much worse, because if Japanese inves-tors really believe the yen/dollar rate is effectively underpinned then they should be investing in much higher-yielding dollar

The immediate effect of the policies has been to distort the

values of financial assets both inside and outside Japan assets. True, dollar bonds are

regarded as dangerous in Japan; but as time passes, memories of past currency losses may fade. Just suppose, however, that the Japanese economy were to start recovering quite fast, with a par-allel improvement in the health of the banking system. The balance of payments surplus would rapidly be eroded, the yen would weaken further, without any need for intervention, and the bond market bubble would burst. in the early part of 1995 equity prices tumbled while bond prices surged, and at some point this is

likely to be reversed. The transi-

tion would be even harder for the Bank of Japan to manage with-

the US Federal Reserve's notorious tightening of February 1994. A strong Japanese economy would also pose problems for the US markets, given that the official recycling of balance of payments surpluses into US Trea-sury bonds and bills would slow

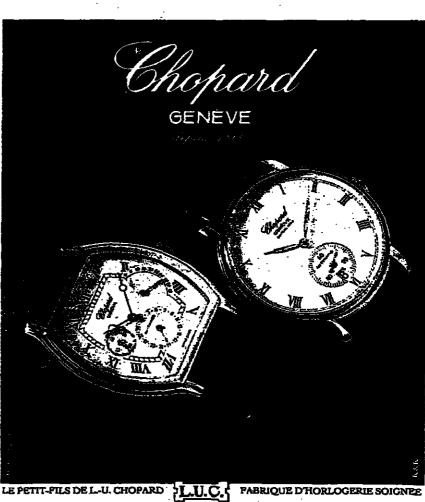
out financial catastrophes than

down or stop. Hence the comfortable assumption that the BoJ will continue to crank out yen at 0.5 per cent indefinitely, and support domestic bond prices when necessary. Nasty readjustments could be postponed into 1997, and displaced Japanese liquidity could continue to support various markets around the globe. The trouble with this scenario

of continuing economic sluggishness is that it seems to lead straight towards a medium-term fiscal crisis. Japan has just fixed a 1996 budget which will require the issue of bonds (including construction bonds) of more than \$200bn. Adding in local authority deficits, Japan's general government borrowing is about 8 per cent of GDP (though this is tem-porarily obscured by large, social security surpluses).

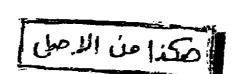
This is light-years away from the US debate on a balanced budget. Yet despite the noisy talk of US deficit reduction, dollar bonds yield twice as much as yen bonds. This is what happens when the US household savings rate is 4 per cent and the Japanese rate 16 per cent, and there is only marginal arbitrage between the markets.

investors may conclude from the Japanese experience that to reliquify hopefully is better than actually to arrive at an economic destination. But within 12 months the end will surely be at least in sight.



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INTERNATIONAL COMPANIES AND FINANCE

NEWS DIGEST

Schering forecasts increase in profits

Schering, the German pharmaceuticals company, expects net profits to exceed DM285m (\$199m) and sales to climb above DM5bn this year. The forecast follows a turbulent year in which currency fluctuations and controversy over several of its products drove down profits and sales. Mr Giuseppe Vita, chairman, said yesterday.

Mr Vita told the daily Berliner Zeitung that net profits for last year would fall 18 per cent on sales of DM4.6bn. Schering reported net profits of DM285m on sales of DM4.7bn in 1994, but attempts to sustain growth were blocked by the strength of the D-Mark against the US dollar and other currencies. Mr Vita said last year's currency fluctuations cost Schering DM400m in sales.

The more unbeat assessment for this year stems from what the company believes is a growing confidence in the market for Betaferon, Schering's multiple sclerosis drug which is due to be launched in Germany soon. It is already available in the US and some European countries. Mr Vita said he expected sales of Betaferon to reach DM650m this year - accounting for 13 per cent of total turnover. However, analysts said Schering had still to restore its credibility in two of its products contrast-media, which is used in X-rays, and contraceptives.

UK health authorities last year alleged that some of Schering's most recent oral contraceptive drugs had had side affects, while Isovist 280, its contrast media drug had to be withdrawn from the market following delayed side affects. Judy Dempsey, Berlin

Beiersdorf buys Kendall brands

Beiersdorf, the German chemicals group, has bought a plant and two medical product brands - Curad and Futuro - from Kendall of the US. The plant is situated in Mariemont, Ohio. Plasters were sold in the US under the Curad name, while Futuro is the US market leader for orthopaedic bandages and elasticated bandages.

The products brought in \$100m sales for Kendall, a unit of Tyco International of the US, in 1995. Beiersdorf, which gave no financial details of the deals, said the purchases represented a significant strengthening of its US activities. Reuter, Hamburg

Hoogovens expects sharp rise

Hoogovens, the Dutch steel and aluminium group, expects to record a substantially higher net profit from ordinary operations for 1995. It added, however, that net profit for the second half of 1995 would be lower than in the first half and that results in the first half of 1996 would continue to be affected by weaker economic growth in western Europe. Hoogovens made a 1994 net profit on ordinary activities of Reuter, Beverwijk, Netherlands

Israel to sell 10% stake in IDB

The Israeli government plans to sell a 10 per cent stake in Israel Discount Bank, the country's third-largest bank, on the Tel Aviv stock market next month, the Treasury said. IDB Holding owns 13.2 per cent of Israel Discount Bank, with the remainder controlled by the government. The sale will be followed by a public share offering for United Mizrahi Bank. These are the only two of Israel's top five banks not yet traded on the stock exchange. After the share offerings, the government will distribute options to the public to buy shares in the banks as well as in other state companies. Reuter, Tel Aviv

Indonesian listings planned

Four state-owned Indonesian companies - Jasa Marga, the toll road operator, Krakatau Steel, the steel group, PLN, the electricity supplier, and Bank Negara Indonesia 1946 – will list shares, both locally and abroad, this year, the government said yesterday. It said the listings would come in the second half of the year, giving investors time to digest the recent share issue of telecommunications operator Telkom. Analysts said the government should disclose a fixed initial public offering schedule so that international fund managers could plan their purchases.

AP-DJ, Jakarta

Jonathan S. Bass

Weak sales growth for Toys 'R' Us at Christmas

By Richard Tomkins In New York

Toys "R" Us, the US toy store group, yesterday provided fur-ther evidence of the gloom that afflicted US retailers this Christmas. It announced that sales in its US stores open a year or more had risen less than 1 per cent in the eightweek holiday season to Decem-

The poor Christmas sales continued a trend that had characterised much of the US retailing sector all year. For the 11 months to December, Toys "R" Us said same-store sales in the US dropped 2 per cent, and margins fell because the company had to tempt cus-

tomers with low prices.

Toys "R" Us is the world's largest toy retailing chain, and its assessment of Christmas trading is a closely-watched indicator of the level of the season's trading, not just for toy companies but for the whole retailing sector.

Mr Michael Goldstein, chief

executive, said one of the main factors hampering its performance in the year to date had been the absence of a hot, new toy product. However, he noted that US same-store sales in December alone had risen 2

He said the company was especially pleased with its December performance since it was a period marked by the lack of availability of hot video game software and the impact of the anniversary of the introduction of Power Rangers phenomena. With additional sales com-

ing from newly-opened stores in the US and internationally. the group's overall sales rose 7 per cent to \$3.98bn in the eight-week holiday season and 7 per cent to \$8.8bn in the 11

In the UK, the introduction of 32-bit computer hardware helped lift percentage growth in same-store sales into double digits, and Japan performed well. But same-store sales fell in Canada, France, Spain and Australia, and were flat in

 Walgreen, which operated
 2,119 drug stores in the US at the end of the first quarter. said sales in the first quarter of fiscal 1996 ended November 30, 1995 rose 11.9 per cent to a record \$2.7bn, Reuter reports from Deerfield, Illinois. Net earnings climbed 17.9 per cent to \$63.7m, or 26 cents a share.

Walgreen said earnings gains reflected expense controls and higher pharmacy

Germany, UK lead IT spending in Europe

Europe's 100 biggest spenders on information technology will invest an estimated \$40bn worldwide on IT in 1995, according to a recently completed survey.

The figures, based on a study prepared by Spikes Cavell, the UK-based market research firm, for Information Week, a US weekly publication, confirm that German and UK companies spend the most on IT and account for more than half the total investment.

Siemens, the German electronics group, heads the European IT spending league with \$2.29bn of expenditure last year, followed by Royal Dutch/ Shell with \$1.76bn and Barclays Bank with \$1.3bn. The rise in IT spending is

also confirmed by figures from the Frankfurt-based European

vatory, which recently increased its estimates for European IT growth to 6.5 per cent last year and more than 7 per cent this year - considera-bly higher than the 4 per cent growth rate in Japan but below the 10 per cent growth in the

Spikes Cavell said corporate re-engineering and rationalisation were changing the dynamics of European IT spending and driving up global budgets. This was particularly evident in the stronger European economies, with the UK showing the highest growth of 8 per cent from 1994.

Germany has 26 companies in the top 100, the UK 25 and France 21. Only six Italian companies are in the top 100, compared with Switzerland's 10. Switzerland's strong econ-omy supports the highest IT Europe's top 10 information systems spenders

Rank	Соспрану	Country \$	pending*
١	Signera	Germany	\$2,292
2	Royal Dutch/Shell	UK/Neth	\$1,757
3	Barclays	UK -	\$1,300
4	Daimler-Benz	Germany	\$1,125
5 .	ABIN AMRO Holdings	Netherlands	\$960
6	Philips Electronics	Netherlands	\$948
7		UK:	\$926
8·	Volkswagen	Germany	3886
9	Deutschis Bank	Germeny	\$814
10	El Aquitaine	France	\$691
		rce: information Week/Spik	es Cavell

spending per capita in the

world. However, Mr Paul Tate from Information Week warned that "spending more money on IT is no guarantee that European companies - east or west will gain any extra value out of their investments. What is different in this new IT growth phase is that Europe's chief executives are pitching for the maximum benefits out of their

IT budgets. Europe's banking, oil, electronics and manufacturing companies are near the top of the spending league. IT investment among the top European banks is upwards of 0.5 per cent of asset value, while the top 10 manufacturing compa-

and 2.6 per cent of revenues on IT. UK companies re-invest more of their revenues in IT. Reuters, the London-based international news group, emerged as the highest re-in-vestor, ploughing almost 10 per cent of its revenues back into IT infrastructure and services.

"Europe is unquestionably on the move in terms of IT spending," said Mr Luke Spike. managing director of Spikes Cavell. "Though the countries differ there has been a fundamental shift to distributed systems, especially client/server architectures, and we are seeing enormous working '

Scandinavian companies emerged as the most advanced in implementing client/server computing, followed by France, Germany and the UK.

The right Philippine connection

PLDT is leading a telecoms revolution, writes Edward Luce

The past 12 months have been a remarkable time for the Philippine Long Distance Telephone Company (PLDT). As the most watched Philippine ADR on the New York Stock Exchange PLDT's share price has tracked the Manila Stock Exchange's volatile fortunes.

Beneath the surface, however, the former state-owned telephone company has been carrying out the most rapid telecoms expansion plan in the country's history.

Since January, PLDT has installed 230,000 new telephone lines and is expected to provide another 1m fixed lines before the end of the century. Analysts point out that the

company's disappointing results can be blamed on the appreciation of the peso, which has eaten into dollar earnings, rather than the effects of competition from new players in the recently liberalised envi-

Net profits grew only 5 per cent in the first nine months, to 4.69bn pesos (\$176.8m). They would have grown 20 per cent if the exchange rate had remained stable "The market is focusing far

too harrowly on PLDT's short-term earnings and missing the bigger picture," said Andrew Harrington, a telecoms analyst at Salomon Brothers in Hong Kong. "What they should be looking at is PLDT's Zero Backlog programme which is expanding the telecoms market at a rate of knots," he said.

telecoms operators have been awarded licences to compete with PLDT for local and international telephone traffic. In exchange the new players, as well as PLDT, are required to install a fixed number of telephone lines in allotted areas. For PLDT the alloted area is the entire country.

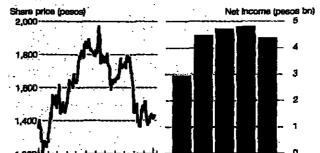
"PLDT has lost market share, but the market as a whole is growing so rapidly that PLDT's revenue growth is easily outstripping national economic growth," said Mr Matthew Sutherland, chief researcher at Asia Equity Securities in Manila. "There is enough room for most of the companies to continue expanding without really threatening

PLDT." According to Mr Eduardo Del Fonso, PLDT finance director, the Philippines has only 2.1 telephone lines per 100 people, far below the expected density for a country with a per capita income of about \$1,000.

If all the companies fulfil their commitments the market will have leapt from 1.5m lines in 1995 to 7.4m by the turn of the century. International traffic growth will be exponential. By 2000 analysts say the Philippine market will have been

PLDT's debt-equity ratio, which is expected to hit 120 per cent by 1997, is considered manageable by industry analysts, who point out that the company has structured its liabilities to mature in as long a time-frame as possible. Set at Under the Philippines' regulatory guidelines eight new 360 basis points above US Trealistory guidelines eight new sury bills, PLDT's bonds are new customers.

Philippines Long Distance Telephone

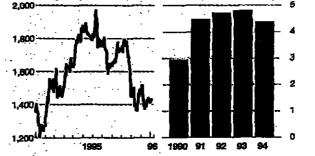


lower-yielding than comparable emerging market telecoms debt offerings.

This month PLDT is to select one of six foreign bidders, including Siemens and AT&T, to install a \$200m fibre optics system. PLDT will then issue \$250m of seven to 10-year debt on the Yankee bond market its third international offering

"We are planning to tap around \$3bn from the local and international capital markets over the next few years to fund our expansion plan," said Mr Del Fonso. "This includes moving to fibre optics, switching from analogue to digital and tripling the number of PLDT lines in the Philippines."

Mr Del Fonso predicts that PLDT's market share will probably fall to around 65 per cent by 2000, from 100 per cent in 1991. Last year, its share of international traffic dropped from 85 per cent to 81 per cent as new competitors such as Globe Telecom, a joint venture between Ayala Corporation, a local holding company, and Singapore Telecoms, attracted



the market is expanding so rapidly that it does not make commercial sense for the new players to poach PLDT's customers," said Mr Harrington.

"The essential point is that

The only way they can grow is by bringing new customers into the market. They are also required to do this under government regulations." Analysts say there is enough room for at least three competitors in the long term. Within two or three years the market

> involve a maximum of four By then PLDT's competitors will have installed a \$150m alternative telephone backbone (transmission system) in an effort to reduce the costs now paid in access fees to PLDT's

is expected to consolidate to

"This is probably the fastest telephone expansion proplans to build an extra 360,000 lines in 1996. "It is inevitable that we will lose market share, but at the same time we will be tripling our customer base. We're happy with that."

PNC Bank revamps securities

By Richard Waters in New York

PNC Bank has for the second year running announced a restructuring of its securities portfolio. The move marks an attempt by the Pittsburghbased financial institution to make itself less vulnerable to changes in US interest rates.

PNC's securities losses have been among the most visible of those suffered by US banks during a period of great volatility in rates, which has severely tested banks' interest rate management skills.

The latest balance sheet realignment, carried out before the end of last year, will result in charges of nearly \$200m. It follows a late-1994 adjustment, undertaken in a very different interest rate climate, that cost the bank around \$80m.

A year ago, PNC was suffering in the aftermath of a series of interest rate rises and a bond market crash.

To make itself less liabilitysensitive (exposed to rising rates) it sold some fixed-rate bonds. To reduce the potential losses on its remaining holdings, it also bought interest rate caps and swaps under which it would pay a fixed

PNC said yesterday it had sold \$6bn of securities before the end of 1995. \$1.9bn of them gramme in the world," said Mr | Treasury bonds and the rest Del Fonso, who says PLDT | Collateralised Mortgage Obligations, for an after-tax loss of

It also sold swap contracts tied to these securities, resulting in a further after-tax loss of lesson of the

We are pleased to announce our newly appointed **Managing Directors**

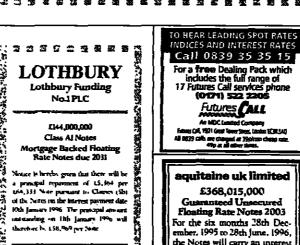
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Notice is hereby given that at a Meeting of the holders of the above Bonds (the "Bordholders") convened by Nissho Corporation and held on 21st December, 1995 the resolution proposed in the Notice to Bondholders published in the Financial Times and the Luxemburger Wort on 29th November, 1995 was duly

common stock of Nissho Corporation

Notice is further hereby given pursuant to Clause 13(B) of the Paying and Warrant Agency Agreement dated 14th October, 1993 that by written notice dated 20th November, 1995 Daiwa Bank Trust Company resigned as Custodian under the Paying and Warrant Agency Agreement and that The Industrial Bank of Japan Trust Company has been appointed Custodian in its place under the Paying and Warrant Agency Agreement by a Supplemental Agency Agreement at dated 22nd December, 1995 amending the Paying and Warrant Agency

Copies of the Trust Deed dated 14th October, 1993 relating to the Bonds, a Deed of Appointment and Retirement of Trustee dated 22nd December, 1995, the Paying and Warrant Agency Agreement and the Supplemental Agency Agreement and minutes of the Meeting of Bondholders held on 21st December, 1995 may be inspected at the specified office of any of the Agents given below.

Trustee The Industrial Bank of Japan Trust Company, New York, N.Y. 10004 Paying Agents The Daiwa Bank, Limited 5th Floor, → Broadeate Landon EC2M 2QS.

che Bank Aktion 60325 Frankfurt am Main.

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BTR disposes of Malaysian joint venture

BTR, the UK industrial conglomerate, is withdrawing from the Malaysian petrochemicals industry as part of its programme of non-core disposals. The group, which has raised £660m (\$1.02bn) from disposals in the past six weeks, is selling its minority interest in the Malaysian operations of Titan petrochemicals - controlled by

M\$234.7m (£57m). "This disposal continues our strategy of divesting non-core interests and concentrating on industrial manufacturing," said Mr Alan Jackson, who agreed the deal before stepping down as BTR chief executive at the end of December.

Taiwan's Chao group - for

It follows BTR's decision in November to sell its UK aggregates business to Minorco, the international natural resources group, for £330m and the dis-posal two weeks ago of Dunlop Slazenger for £300m to a management buy-out team.

BTR has sold businesses with combined sales of almost £3bn in the past four years. Under the terms of the latest deal, BTR's joint venture partners in Malaysia will pay M\$123.5m in cash for its stake with the remaining M\$101.2n

Expansion

for Albert

Albert E Sharp,

Birmingham-based stockbro-

ker, has bought the Brown

Shipley private client stock-

broking business from Guin-

ness Peat for £6m-£7m (\$11m). Sharp, the largest institu-tional broker outside London,

said the deal would make it the

biggest UK stockbroker with

no outside shareholders. It will

have about £4.5bn of funds

under management and £35m

Brown Shipley will bring

Sharp an expanded regional

E Sharp

payable over five years on a fixed letter of credit.

The proceeds are expected to reduce BTR's borrowings after the £1.36bn buy-out last month of minority shareholders in its Australian arm.

Although the deal has yet to be approved by the Malaysian government, industry analysis welcomed yesterday's disposal plans. They cited difficulties with the petrochemical BTR's cautious trading statement last month.

At the time, the company said the deteriorating performance of its Taiwanese polymer plant and a slowdown in some of its main construction and automotive markets meant profits this year would be below expectations.

"More parts of the Taiwanese polymer businesses could now be sold," said one analyst. Another said BTR might consider selling some of its smaller industrial operations, which have limited scope for

Mr Ian Strachan, who suc ceeded Mr Jackson as chief executive this week, is expec ted to draw up further disposal candidates over the next few

Sema buys rest of Tibet for FFr92m

Sema Group, the computer services company, has offered to buy for FFr91.9m the shares it does not already own in

The company provides back-office systems for the French stock market.

The outstanding shares amount to 51 per cent of the issued capital and are owned by about 20 French institu-

Acceptances reported by December 31 resulted in Sema owning 71.44 per cent of

Hickson US disposal to Tessenderlo completed

Hickson International, the will be used to reduce borrow-West Yorkshire-based chemi-ings. cals group, has completed the sale of Hickson Kerley, its US performance chemical off- warning of losses for 1995, estishoot to Tessenderlo, the Belgian group. The consideration is \$30m plus a further \$4.75m for incremental working cap-

The proceeds, paid in cash,

The shares were unchanged at 77p. In November after mated by analysts at up to £30m, the shares fell 12p to

The sale does not include a production site in Calif-

Unigate acquires **Booker bacon side**

By Patrick Harverson

Booker, the foods group, has sold its two bacon businesses to rival Unigate for £20.3m (\$31m) cash.

The proceeds from the disposal will be used to reduce debt. After the sale is completed, debts should stand at between £125m and £130m, Gearing will be just under 70

per cent, roughly where it was at the end of 1994. The bacon and pork process-ing businesses sold to Unigate - Stocks Lovell of Evesham in Worcestershire and Lovell & Christmas of Ballymoney, Northern Ireland – generated

profits of £2.4m in 1994 on turnover of £83.7m. Booker said it expected turnover at the two companies to have grown slightly last year. but profits to have fallen because of higher raw materi-

als costs. In particular, strong demand for pigs in Northern Ireland had pushed up pig prices there by as much as 25 per cent during the year.

The two businesses were sold because Booker wanted to concentrate on its food distribution, fish processing and agribusiness interests.

The remaining prepared food husinesses are also likely to be sold, said Mr John Kitson, finance director, although he said no further disposals were

Booker also provided an update on trading conditions, reporting that UK food distribution sales over the Christmas period had been "satisfac-

tory It added that group sales for the year as a whole were up 13 per cent on 1994's figures and up 6.5 per cent on a like-for-like basis.

The shares rose 7p to 365p.

INVERSUD INVESTMENT FUND Société d'Investissement à Capital Variable 2, boulevard Royal, Luxembourg R.C. LUXEMBOURG B-41737

We have the borrour to invite you to attend the

ANNUAL GENERAL MEETING of shareholders of our company which will take place at the offices of Banque Internationale à Luxembourg. 69, route d'Esch. L-1470 Lexembourg, on January 12, 1996 at 3:00 p.m. for the purpose of considering and voting upon

Submission of the Reports of the Board of Directors and of the Auditor;

Approval of the Statement of Net Assets at September 30, 1995 and of the ement of Operations for the year ended September 30, 1995;

Allocation of the net results at September 30, 1995;

4. Discharge to the Directors;

6. Any other business which might appropriately be presented for considerance Resolutions on the agenda of the annual meeting will require no quorum and will be taken at the majority of the votes expressed by the shareholders present

or represented at the meeting.

THE BOARD OF DIRECTORS

Drive for profit growth as honeymoon ends

Geoff Dyer considers the future for NFC under Gerry Murphy

ccording to Mr Gerry A murphy, the new coner executive of NFC, the and logistics group has been held up by a "pre-occupation" with internal workings. "It has lost a couple of years," he admits.

Most observers would regard this as an understatement. In the last two years NFC has seen a boardroom bust-up, three chief executives and two chairmen. It has been poked and prodded by endless consultants, taken a string of restructuring provisions and made a couple of disastrous acquisitions.
The City has taken an even

dimmer view. At its flotation in 1989, NFC was seen as a glory stock, but after a series of poor profit figures it has become the target of analysts' fibes. The shares have dropped from 285p in January 1994 to 142p yesterday and over the last three years they have underperformed the market by

Mr Murphy, a 40-year-old Irish-man, is under pressure to explain how he will reverse the group's fortunes. The first problem, he says, was to "fix the plumbing" the group's internal manage-ment. The board has been

revamped with the group of

Now six months into the job,

The purchasing of fuel, equip-ment and other materials has

before privatisation swept away, and five new directors appointed. Below board level. about 20 new executives have been installed, including the entire senior management

The main goal now, he says is to boost profits. Given that NFC made operating profits And in a thinly veiled swipe last year of only £88.2m on turnover of £2.2bn, it is not

team in the UK.

long-standing executives from transforming the management culture. The UK division has been split into 12 separate operating companies, each with its own balance sheet and profit-and-loss account. "The people running these businesses are now asking 'do we really need to pay that £100,000 printing bill?

> at the group's notorious empire-building, he says: "It 'It used to be that size defined one's power. But the prizes will now go

to people who can produce results

surprising that Mr Murphy has concluded: "Growing revenue is not difficult for us, it is converting that into making money that is our problem." For the UK division, he believes this is a matter of reducing costs. "We have

become a lot more expensive than we ought to be," he says. been pooled and managers are being encouraged to share

Mr Murphy is also intent on

from the least resources' used to be that size defined one's power - the more trucks you had, the bigger a player you were. But the prizes will now go to the people who can produce results from the least

resources ' He admits that the lossmaking European division is an even bigger headache, and one that will take longer than a year to turn round. The task is to forge its recent acquisitions, many of which are small regional businesses, into

needs the least surgery. Mr Murphy believes it is well placed to provide high-quality logistics services.
NFC's troubles bave had

venture capitalists circling the group, in expectation that some of the businesses will be

Mr Murphy will only give a few hints of his long-term plans. He talks approvingly of how focused the US business is and how free it is from historical baggage. He adds: "We do not have a disposal agenda, but the virtue of the reorganisation is that we will have a better understanding of what value each business is creating He makes a strong case for

keeping Lynx, the parcels business, which many view as a disposal candidate: "It is very much part of a logistics portfolto. If we did not have Lynx, we would have to hire in some Lvnx-like services."

Mr Murphy is less convincing in defining a role as a core NFC activity for Pickfords, the removals business which has suffered from the housing downturn. "It involves many of the same service disciplines as a logistics business," he claims. However, analysts feel Pickfords has greater potential to become a high-margin business than Lynx.



Gerry Murphy: attempting to transform management culture

The City breathed a sigh of last month that it had pulled out of negotiations to buy Lep International, a freight-forwarding business. Mr Murphy says Lep was a good strategic fit, as it would have allowed NFC to offer a more complete service to clients who want

goods moved around the world. However, given that NFC is striving to cut costs and boost the bottom line, many analysts and competitors were surprised to see it bidding for a

company with 6,000 staff which had annual sales of £1.2bn and reported 1994 operating profits of £4.4m.

With the publication last month of another disappoint ing set of results, the honeymoon has ended for Mr Murphy. So far he has impressed observers. But as one analyst have not just been about management credibility but about the credibility of the busidifficult to solve."

Yodogawa Steel Works, Ltd.

Notice to the holders of Notes and to the holders of Warrants of the outstanding U.S.\$300,000,000 13/4 per cent. Notes due 1997 with Warrants

common stock of Yodogawa Steel Works, Ltd. Notice is hereby given that at a Meeting of the holders of the above Notes (the "Noteholders") convened by Yodogawa Steel Works, Ltd. and held on 21st December, 1995 the resolution proposed in the Notice to Noteholders published in the Financial Times and the Luxemburger Wort on 29th

to subscribe for shares of

November, 1995 was duly passed as an Extraordinary Resolu Notice is further hereby given pursuant to Clause 13(B) of the Paying and Warrant Agency Agreement dated 23rd December. 1993 that by written notice dated 20th November, 1995 Daiwa Bank Trust Company resigned as Custodian under the Paving and Warrant Agency Agreement and that Yasuda Bank and Trust Company (U.S.A.) has been appointed Custodian in its place under the Paying and Warrant Agency Agreement by a Supplemental Agency Agreement dated 22nd December, 1995 amending the Paying and Warrant ent by a Supplemental Agency

Agency Agreement.

Copies, of the Trust Deed dated 23rd December, 1993 relating to the Notes, a Deed of Appointment and Retirement of Trustee dated 22nd December, 1995, the Paying and Warrant Agency Agreement and the Supplemental Agency Agreement and minutes of the Meeting of Notenotonics uses on 213 December, 1995 may be inspected at the specified office of any of the tent and minutes of the Meeting of Notebolders held on 21st Acents given below.

> Yasuda Bank and Trust Company (U.S.A.) Suite 802 New York, N.Y. 10103.

Paying Agents Centre Financier, 29 Avenue de la Porte-Neuve.

Daiwa Bank (Deutschland) GmbH,

Im Trutz Frankfort 55, 60322 Frankfurt am Main.

The Yasuda Trust and Banking Company, Limited, London EC2M 7NH

ok (Sc 8002 Zürich.

nne des Champs-Elysées, 75008 Paris Morgan Guaranty Trust Company of New York, B-1040 Brussels.

The Fuji Bank, Limited,

Yodogawa Steel Works, Ltd.

Yodogawa Steel Works, Ltd.

Notice to the holders of Notes and to the holders of Warrants of the outstanding

U.S.\$300,000,000 13/4 per cent. Notes due 1997 with Warrants ... to subscribe for shares of common stock of Yodogawa Steel Works, Ltd.

Notice is hereby given that at a Meeting of the holders of the above Notes (the "Noteholders") convened by Yodogawa Steel Works, Ltd. and held on 21st December, 1995 the resolution proposed in the Notice to Noteholders-published in the Financial Times and the Luxemburger Wort on 29th November, 1995 was duly passed as an Extraordinary Resolution.

Notice is further hereby given pursuant to Clause 13(8) of the Paying and Warrant Agency Agreement dated 23rd December, 1993 that by written notice dated 20th November, 1995 Daiwa Bank Trust Company resigned as Costodian under the Paying and Warrant Agency Agreement and that Yasuda Bank and Trust Company (U.S.A.) has been appointed Costodian in its place under the Paying and Warrant Agency Agreement by a Supplemental Agency Agreement dated 22nd December, 1995 amending the Paying and Warrant

Copies of the Trust Decelerated 23rd December, 1993 relating to the Notes, at Doed of Appointment and Retirement of Trustee dated 22rd December. 1995, the Paying and Warrant Agency Agreement and the Supplemental, Agency Agreement and minutes of the Meeting of Noteholders held on 21st.

December, 1995 may be inspected at the specified office of any of the

Yasuda Bank and Trust Company (U.S.A.) 666 Fifth Avenue, New York, N.Y. 10103.

Paying Agents 17g) S.A., Centre Financier.

29 Avenue de la Porte-Neuve. L-2227 Luxe Daiwa Bank (Deutschland) GmhH,

60322 Frankfort am Main. The Yasada Trust and Banking

Company, Limited, 1 Liverpool Street, London EC2M 7NH.

unk (Schr 8002 Zürich.

The Puli Bank Limited. Im Trutz Frankfurt 55, 75008 Paris.

Morgan Guaranty Trust Compley of New York. Avenue des Arts 35,

B-1040 Brussels. Yodogawa Steel Works, Ltd.

SxL Corporation

Notice to the holders of Notes and to the holders

of Warrants of the outstanding U.S.\$80,000,000 21/2 per cent. Notes 1997.

with Warrants to subscribe for shares of common stock of SxL Corporation

Notice is hereby given pursuant to Clause 13(B) of the Paying and Warrant Agency Agreement dated 11th February, 1993 that by written notice dated 29th November, 1995 Daiwa Bank Trust Company resigned as Custodian under the Paying and Warrant Agency Agreement and that Sanwa Bank Trust Company of New York has been appointed Custodian in its place under the Paying and Warrant Agency Agreement by a Supplemental Agency Agreement dated 22ml December, 1995 amending the Paying and Warrant Agency Agreement.

Copies of the Paying and Warfaut Agency Agreement and the Supplemental Agency Agreement may be inspected at the specified office of any of the

Agents given below. Sanwa Bank Trust Company of New York, Financial Square, 32 Old Slip, 21st Floor,

> Paying Ágents The Daiwa Bank, Limited, 4 Bros

Daiwa Bank (Deutschland) GMBH. Im Trutz Frankfart 55,

60322 Frankfurt atn Maid

Credit Suisse,

14, roe Aldringen, L-2951 Luxembours Morgan Guaranty Trust Company

nque Generale du Luxembourg S.A.,

CH-8001 Zurich 3rd January, 1996

Avenue des Arts 35.

SxL Corporation

Hosokawa Micron **Corporation**

Notice to the holders of Notes and to the holders of Warrants of the outstanding U.S.\$100,000,000 31/s per cent. Guaranteed Notes due 1996

with Warrants to subscribe for shares of common stock of Hosokawa Micron Corporation Notice is hereby given pursuant to Clause 15(B) of the Paying and Warrant Agency Agreement dated 20th February. 1992 that by written notice dated 29th November. 1995 Daiwa Bank Trust Company resigned as Custodian

or dated 22nd December, 1995 amending the Paying and Wass Copies of the Paying and Warrant Agency Agreement and the Supplemental Agency Agreement may be inspected at the specified office of any of the

under the Paying and Warrant Agency Agreement and that Mitsubishi Bank

Trust Company of New York has been appointed Custodian in its place under

the Paying and Warrant Agency Agreement by a Supplen

Mitsubishi Bank Trusz Company of New York. Two World Financial Center, 225 Liberty Street. New York, N.Y. Paving Agents The Daiwa Bank, Limited 5th Floor, 4 Broadgate, London ECCM 2QS.

, Place Vendome.

75001 Paris.

The Bank of Tokyo (Luxembourg) S.A., Résidence St. Esprit. 1475 Luxembourg

Daiwa Bank (Deutschland) GmbH. Im Trutz Frankfurt 55. 60322 Frankfurt am Main.

The Missebuhi Bank, Limited London EC2M 2SX.

Morgan Guaranty Trust Company of New York. Avenue des Arts 35, B-1040 Brussels. The Sanwa Bank, Limited

3rd January, 1996

The Nippon Synthetic Chemical Industry Co., Ltd.

Notice to the holders of Notes and to the holders of Warrants of the outstanding

> U.S.\$100,000,000 33/s per cent. Guaranteed Notes 1996 with Warrants to subscribe for shares of

common stock of The Nippon Synthetic Chemical Industry Co., Ltd. Notice is hereby given pursuant to Clause 13(B) of the Paying and Warrant Agency Agreement dated 7th May, 1992 that by written notice dated 29th ber, 1995 Daiws Bank Trust Company resigned as Custodism under the Paying and Warrana Agency Agreement and that The Industrial Bank of Japon Trust Company has been appointed Custodian in its place under the

Paying and Warrant Agency Agreement by a Supplemental Agency Agreement dated 22nd December, 1995 amending the Paying and Warrant Copies of the Paying and Warrant Agency Agreement and the Supplemental Agency Agreement may be inspected at the specified office of any of the

Transfer

trial Bank of Japan Trust Company,

One Friday Street,

London EC4M 91A.

Swiss Bank Corporation

CH-4002 Basic

One State Street. New York, N.Y. 10004. Paying Agents The Mitsubishi Bank, Limited, 6 Broade: London EC2M 2SX. The Industrial Bank of Japan, Limited, Brackez House,

Aktiengeschschaft, D-6000 Frankfurt em Main. of New York, Avenue des Arts 35.

3rd January, 1996

The Nippon Synthetic Chemical Industry Co., Ltd.

The Industrial Bank of Japan

(Luuembourg) S.A.,

6. Rue Jess Monnet

P.O. Box 68,

SxL Corporation

Notice to the holders of Notes and to the holders of Warrants of the outstanding U.S.\$200,000,000 11/a per cent.

Notes 1998 with Warrants to subscribe for shares of common stock of SxL Corporation

Notice is hereby given pursuant to Clause 13(B) of the Paying and Warrant Agency Agreement dated 24th February, 1994' that by written notice dated 29th November, 1995 Daiwa Bank Trust Company resigned as Custodian under the Paying and Warrant Agency Agreement and that Sanwa Bank Trust Company of New York has been appointed Custodism in its place under the Paying and Warrant Agency Agreement by a Supplemental Agency Agreement dated 22nd December, 1995 amending the Paying and Warrant

Agency Agreement. Copies of the Paying and Warrant Agency Agreement and the Supplemental Agency Agreement may be inspected at the specified office of any of the

> Trustee Sanwa Bank Trust Company of New York, Financial Square, 32 Old Slip, 21st Floor New York, N.Y. 10005.

Paying Agents The Daiwa Bank, Limit 5th Floor. London ECZM 2QS.

Daiwa Bank (Deutschla GMBH in Touz Frankfurt 55.

14, rue Aldringen, L-2951 Luxembe

Credit Suisse, CH-8001 Zurich

Morgan Guaranty Trust Company of New York Avenue des Arts 35,

3rd January, 1996 SxL Corporation

صكذا من الاصل

Calor in \$31m | Buy-back puts Forte defence ahead on points investment in Latin America

By Tim Burt

Calor Group, the supplier of bottled and bulk gas, is expanding its operations in Latin America with a \$31m (£20.1m) investment in Supergasbras Distribuidora de Gas, Brazil's fourth largest distributor of liquefied petroleum

The UK group's investment has been matched by SHV Energy, its joint venture partner in SHV Calor Brazil - a business set up last year to establish a significant presence in that market.

Together, Calor and SHV are spending \$62m for 49 per cent of the combined common and ordinary shares in Supergasbras and 50 per cent of the voting rights.

Supergasbras suffered pretax losses of \$4.2m for

The deal follows the acquisition in August of a majority stake in Minasgas, Brazil's fifth largest bottled gas

supplier.
Although it plans to operate Supergashras and Minasgas as separate companies, Calor yes-

terday said it would encourage the rival suppliers to draw up a co-operation arrangement for

Each year, the two Brazilian companies supply a combined total of 1.35m tonnes of liquefled petroleum gas to more than 40m people.

The latest investment repre-

sents the single largest deal since Calor announced plans in July to spend £70m on projects in Asia and Latin America in conjunction with SHV Energy. the privately-held Dutch group which has a controlling interest in Calor.

Mr John Taylor, financial controller at Calor, said the group has about £40m to spend on other projects, mainly in

The strategy has been designed to reduce Calor's dependence on the UK market for liquefied petroleum gas, where demand has been hit by exceptionally mild weather. Such weather conditions forced Calor to issue a profits warning last November, when

it said profits this year were

unlikely to match the £48.8m

document yesterday. "They are pulling out all the stops," said one institutional shareholder. The defence against the £3.26bn hostile bid from the television and catering group was "much more creative and surprising than we were expecting" Another described the docu-

In boxing terms, Forte seems to have pulled ahead of Granada on points with the publication of its defence

ment from the besieged hotels group as "one of the most pro-fessional I have seen," giving a rounded picture of the group's brands, assets, prospects and the derivation of its profits. Much of the content, includ-

ing the profits forecast of £190m and the upward revaluation of the hotels to £3.35bn, has emerged during the past week. But the scale of the proposed share buy-back took most observers by surprise.

The announcement of the

deal to sell its roadside busi-

nesses to Whitbread, the brewing and leisure group, for £1.05bn was made just a week ago today. Since then, Forte has been working flat out to make the most of the situation.

The group is planning to buy back about 20 per cent of its shares in a range from 330p to 400p. At the minimum price this will give investors with



David Blackwell on the latest round in the catering group's battle against Granada's £3.26bn hostile bid

Fortress Forte: presenting the group's defence documents are Patrick Copeland, group director, hotels; David Owen, human resources director; Sir Rocco Forte, chairman; Keith Hamill, finance director; and Richard Power, communications director

100 shares £84 in cash, including by 20 per cent for the next call flexibility, a good strucing tax credits. They will retain 79 shares. The buy-back will serve to

underpin Forte's share price should the bid fail. A plan to distribute to shareholders its stake in the Savoy hotel group is worth 23p a

Forte share. It was seen as an effective solution to Forte's lack of control over the Savoy in spite of a majority stake. While the 21 per cent increase in the dividend for this year was welcomed, the

three years was seen as something of a hostage to fortune in a cyclical industry. Nevertheless. Sir Rocco Forte, chairman, was clearly enjoying the battle yesterday. He believes that the hotel cycle traditionally runs over eight years -

only just beginning. "We are at the early stages of the recovery in the cycle," he said. The sale of the restaurants to Whitbread had given

and Forte is poised to enjoy the

benefits of an upswing that is

ture, better financial ratios and the wherewithal to invest". The document is already predicting savings of £24m a year

following the disposal as the marketing and sales management of the group is simplified. The group is also expecting to raise £168m from the sale of its remaining stake in Alpha Airports, the airline caterer, and the White Hart hotels chain. which came close to a deal just before Christmas.

of Granada's plans for the whole group. But Forte's disposal plans run counter to Granada's argument that synergies could be obtained between the hotels and the roadside restaurant businesses.

Happy Eater. Sir Rocco is convinced that the focused hotels group will prove a much better investment, pointing out that high operational gearing enables 55 per cent of extra sales to be For the first time sharehold-

which include Little Chef and

ers can see in the document the profits breakdown of the hotel brands that would be the The breakdown confirms criticisms about the top hotels making inadequate returns -they account for nearly a third to generate operating profits of just £27m this year from a total of £186m.

However, apart from Paris, the hotels as a whole are showing 28 per cent growth this year. Meridien, acquired just over a year ago from Air France, and the main platform for international expansion, is expected to contribute £43m,

up from a previous £26m. Analysts yesterday were divided on whether Forte had done enough to defeat Gran-ada's attack. "It is going to be

a fine decision," said one. Granada is offering four new shares plus £23.25 cash for every 15 Forte shares, with a fully underwritten cash alternative of 321.67p. At yesterday's closing price of 642p, the offer values Forte at £3.26bn.

The expectation is that the offer will be raised at the beginning of next week although this looks by no means certain. If Mr Gerry Robinson, Granada chief executive, wanted to play safe, he would increase the offer, one analyst said.

"But if he's a real hard man, he could leave it where it is

(=) KCRC

HONG KONG

Kowloon-Canton Railway Corporation

QUALIFICATION OF TENDERERS **WESTERN CORRIDOR RAILWAY PROJECT**

The Kowloon-Canton Railway Corporation ("KCRC") intends to commence preliminary engineering for the Western Comidor Railway Project ("WCR").

The WCR Project is a 52 km double-track electrified railway system for passenger and freight services, comprising 11 stations, a maintenance depot and container

KCRC proposes to appoint qualified consultants to perform preliminary engineering for the Project in the following areas:

- Civil/Structural to include Architecture
- Town Planning and Traffic Impact Analysis for Property Development
- Safety/Reliability
- Light Rail Transit System Interfaces

A more detailed description of the preceding work activities will be included in Prequalification Questionnaire.

Requests for the Pre-qualification Questionnaire should be made on company letterhead by facsimile to the Kowloon-Canton Railway Corporation at (852) 2601-2671 no later than 6th January 1996. A Pre-qualification Questionnaire will be returned by courier.

KCRC will, at its sole discretion, evaluate responses to the Pre-qualification Questionnaire. Those organisations which KCRC determines to be suitably qualified will be invited to tender.

No communications in response to this advertisement will be accepted by KCRC except by facsimile at the above noted facsimile number.

New rules allow ground-breaking offer

Forte's proposed repurchase of 20 per cent of its shares breaks new ground. Not only would it be the largest share buy-back in the UK it would also be the first to be conducted by way of a tender since Reuters bought £350m of its sbares in 1993.

At the time, Reuters' scheme was seen as the ideal method of returning value to shareholders. It was equitable, in that all shareholders could particinate. It was tax efficient, because tax-

credit on most of the repurchase price. It was also, unlike a special dividend,

But for companies looking to emulate Reuters there was a snag. The Inland Revenue refused to give any similar schemes tax clearance.

This was because the Revenue believed that the system had been abused. The structure of the Reuters scheme, with a lengthy period between the announcement of the buy-back and the record date for qualification.

exempt shareholders could claim a tax allowed institutions to buy shares for the sole purpose of selling them back to the company and gaining the tax

> When Boots subsequently asked for clearance for a similar £500m buy-back the Revenue declined. Instead. Boots bought the shares through the market, prompting what was described as an "unseemly scramble" from institutions keen to sell but preventing its private shareholders from participating.

Since the Boots case, the Treasury has clarified the rules allowing ous.

A key difference from the Reuters case is that Forte is proposing to buy back the shares at the prevailing market price rather than a predetermined

Although Forte has not been given tax clearance it is believed that current shareholders will, other things being equal, qualify for tax credits on shares they sell to the company. For shares bought after yesterday's announcement the Revenue is likely to be less gener-

FirstBus £2m expansion

By Krishna Guha

RESULTS

FirstBus, the UK's second largest bus group, is buying a influence" over the business. 20 per cent stake in Mainline Partnership, a Sheffield bus company, for £2m following the government's decision not to refer the purchase to the Monopolies and Mergers Com-

Mainline originally sold the 20 per cent stake to Stagecoach, the country's largest bus operator. The deal was abandoned after Mr Jonathan Evans, then corporate affairs minister, ruled that Stagecoach, which operates East surprised by the original ruling Midlands Motor Services on Stagecoach. nearby, would have "material

Mr Trevor Smallwood, executive chairman of FirstBus, said the deal represented a "good strategic opportunity" to build up presence in the conurbations of Sheffield, Rotherham and Doncaster. He said if the opportunity arose to increase the stake. FirstBus would be

"very happy to consider it". Mr Peter Sephton, managing director of Mainline, said he was delighted the deal had been approved but he had been

The purchase of the Mainline months by FirstBus; in October the company bought People's Provincial, a Hampshire bus company, for £4.1m.

Mainline, which runs 800 vehicles and has annual turnover of £52m, was formed by a management-employee buy-out in 1993. Mr Sephton said it was quite clear that we would need a partner to develop the business" and compete with the publicly funded Sheffield

tram system.

Boardroom row breaks out at Water Hall Anthony Smith, a former gov-

A board battle over strategy has broken out at Water Hall. formerly Starmin,pitting some of the quarrying company's longest-standing shareholders. the Abdullah family, against the chairman appointed a year ago after a rescue refinancing. Holders of 10.4 per cent of

the shares have requisitioned an extraordinary meeting to depose Mr Edward Weiss as a director and non-executive chairman in favour of Mr

versity. Mr Raschid Abdullah, one of the four directors, is understood to favour the sale of the

ernor of Wolverhampton Uni-

lium.

-2-

Copy

company's main quarrying site. However, Mr Weiss said yesterday he was not prepared to abandon the strategy of expanding the aggregates business, which had the support of bankers and was proving prof-

Mr Weiss said he had the support of Mr Stuart Larnder. Croucher, a director.

chief executive, and Mr Barry Two of the three investors who have called the EGM rep-

resent the interests of Mr Raschid Abdullah and his brothers. Ahmed and Osman.

Partena chooses Sodexho to develop a combined nordic countries operation

SODEAHO Group and the shareholders of PARTENA, the leading Nordic contract services Group, have signed an agreement whereby SODEXHO S.A. and Financière SODEXHO will acquire 43.5 % of the shares of PARTENA.

With turnover in Sweden and Norway of approsimatch SEK 3.5 billion and 14,000 employees. PARTENA has 4 operating divisions: Partena Cater, serving the institutional catering market (3n %): Partena Security (25 %), Partena Clean. engaged in contract cleaning (21 %); and Partena Care, which provides services to retirement homes

and other social institutions (18 %). The acquisition, at a price of SEK 1.5 hillion will be effected by a new Swedish company, to be owned 45.5% by Sodesho S.A., 48% by Financière Sodexho and 6.5 % by Partena management. Along with an equity capital injection of SEK 530 million this holding company will take on external borrowings of SEK 975 million.

After considering various alternatives, the shareholders and management of PARTENA chose SODENHO as its best purtner for development.

 the significant geographic complementarity; similar service activities; - a joint emphasis on the quality of service for clients

and users; the shared priority given to employee motivation and training, and the stable share ownership of a Group with same

Headed by Christer Karlsson, the proven and experienced management team will remain in place. A majority of the Directors on the Board of PARTENA will be Swedish and chaired by its current Chairman Goran Linden

SODEXHO Finland and PARTENA will implemen! synergy to expand their contract management services in Nordic countries and will use the best SODEXHO has an option to acquire Financiere - practices developed by the two companies to cons-SODEXHO's state, exercisable in a 3 to 5 year window. The providing superior services to their clients.



V2 hour proof of the proof of t



Crédit Commercial de France

Lire 150,000,000,000 Floating Rate Notes due 1998 In accordance with the Terms and Conditions of the Notes, notice is hereby given that for the Interest Period from December 29, 1995 to March 29, 1996 the Notes will carry an Interest Rate of

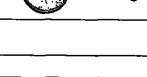
10.42188% per annum The Coupon Amount payable on the relevant Interest Payment Date, March 29, 1996 will be Lire 131,721 per Lire 5,000,000 nominal amount

HELP FILL

THE CARE GAP

IN BRITAIN

of Note and Lire 1,317,210 per Kredietbank Lucembourg Lire 50,000,000 nominal



SUPPORT



Over one milion people are living with cancer in Britain We need 150 more nurses before the end of this year to bring their unique care and relief to many more patients. Give now - it's in all our interest. (I in 3 of us get cancer).

I wish to add my support to The Macmilian Nurse Appeal I wish to pledge: £5 [] £10 [] £25 [] £50 []Other £ ... i. I enclose my cheque made out to "Cancer Rehef Macmillan Fund (F4)". 2. Credit card payment: Visa AmEx Access M.C. Other =

My card number is CANCER RELIEF MACMILLAN FUND FREEPOST LONDON SWI 3BR Canter Rebei Macmillan Fund exects to support people with cancer and their families, Regd. Charms No. 201017

CONTRACTS & TENDERS



companies or joint ventures.



SALTO CAXIAS HYDROELECTRIC PROJECT

IGUAÇU RIVER INTERNATIONAL BIDDING C-204 INTAKE HYDROMECHANICAL EQUIPMENT **CALL FOR BIDS**

COMPANHIA PARANAENSE DE ENERGIA - COPEL, informa that an international bidding is open for design, manufacture, shipment, erection supervision and operation start-up of four (4) fixed-wheel gates, one (1) set of stoplogs and eight (8) sets of trashracks for the intake of Salto Caxlas Powerplant, located at Capitão Leónidas Marques and Nova Prata do Iguaçu county border,

This lowest price type international bidding is open to individual

The amount of costs related to this supply will be covered by

COPEL's own resources. The Bid Documents will be available to bidders from January 3" 1996 to March 19°, 1996, against payment in Brazilian currency of R\$ 150,00 (one hundred and fifty Reais), at the following addresses:

Superintendência de Obras de Geração Rua Voluntários da Pátria, 233 - 5ª andar - sala 504 80020-000 - Curitiba - PR Telefone (55-41) 322-1212 - ramai 5541 Telefax (55-41) 331-3265

Escritório COPEL / São Paulo Alameda Sentos, 1800 - 14º andar - conj. 148 01418-200 - São Paulo - SP

Telefone (55-11) 289-1431 At the time of Bid Documents purchase, all companies shall asent a letter containing their complete mailing addresses.

The receipt of Pre-qualification and Bld Documents is scheduled for March 20°, 1996, at 2:00 P.M., at COPEL's office meeting room, in

Curitiba, Rua Voluntários da Pátria 233, ground floor. The Bidding will be ruled by Law n. 8666, dated June 21, 1993, vith alterations introduced by Law n. 8883, dated June 8, 1994 and by other conditions stated in the Bid Documents.

THE TOP OPPORTUNITIES SECTION

For senior management positions. For information please contact:

> Stephanie Cox-Freeman +44 0171 873 3694

COMMODITIES AND AGRICULTURE

Greece invites bids for six oil concessions

By Kerin Hope in Athens

Greece has invited bids from foreign companies for six concessions for onshore and offshore oil exploration in areas of western Greece where seismic studies and test drilling have shown promising results.

The three onshore blocks are in the north-west Peloponnese, Aetolo-Acharnania and near Ioannina, where seismic research has indicated the existence of oil-bearing levels, according to state-owned exploration company DEP-EKY. The offshore blocks are in the Ionian Sea, off Katakolo in

NATIONAL AND REGIONAL MARKETS

Figures in on

show num of stock

Austria (26)

France (100)

Mexico (18)

Netherland (19) ... New Zeeland (14)

Norway (33) Singapore (44) South Airica (45)

Theiland (46) United Kingdom (205)

Sweden (47) . Sweden (47) .

USA (639)

Americas (786) Europe (734)

Europe (734) Nordic (138) Pacific Basin (831) Euro-Pacific (1565) North America (740) Europe Ex. UK (526)

FT/S&P ACTUARIES WORLD INDICES

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....79.66

..231.28 ..407.22 ..385.33

165.19

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_180.44

264.58

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25.2 35.0 42.9 6.4 18.3 33.8

181,47

171.32

the north-west Peloponnese, in the Patras Gulf and off the island of Paxi.

The concessions were offered under a new law bringing Greece into line with the rest of the European Union. Under the new arrangements, DEP-EKY would take a 12 per cent stake in each concession, with the remainder being made available to foreign companies oil and private Greek inves-

The deadline for submitting proposals for test drilling is the end of May. Companies that have already shown interest include Chevron, BP, Texaco,

123.91

116.99

166.67 113.81 169.72 136.37 131.71 69.94 141.75 98.79 276.76 188.29 178.84 121.98

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147.85 101.02
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31.4 218.67 149.31 191,82 263,37 157,78 171,86 233,86

172.31

The FT/S&P Actuaries World Indices are owned by The Financial Times Ltd., Goldman, Sachs & Co. and Standard & Poor's. The Indices are compiled by Goldman Sachs in conjunction with the Institute of Actuaries and the Faculty of Actuaries. Nativest Securities Ltd., was a co-founder of the Indices.

141.41 169.91
129.87 128.79
155.83 151.79
102.64 248.78
110.46 149.60
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139.20 170.48
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121.61 121.61
288.50 384.87
190.14 224.62
151.63 167.53
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170.39 182.47 149.47 189.50 205.23 233.74 122.95 111.37 133.92 133.92 182.23 244.24 196.86 233.15 134.60 137.56 148.50 165.23 170.47 214.12

Local Local % Gross Currency chg from Div. Index 29/12/85 Yield

15.4

32.0 12.8 11.0 3.2 7.0 32.6 9.3 11.6

phys. The Financial Times Limited, Goldman, Sactra & Co. and Standard & Poor's. 1998. All rights reserved. "FT/S&P Advanter" is a paint trademark of The Financial Times Limited and Standard & Poor's. 1 values Dec 31, 1986 - 100; Finland: Dec 31, 1987 - 115.037 (US \$ index), 90.791 (Pound Seafing) and 149.94 (Local). North: Dec 30, 1988 - 139.55 (US \$ index), 114.45 (Pound Seafing) and 149.94 (Local). A Treatment Americans Cot 31, 1984 - 1904. (Bit & Finder), 140.17 (Pound Seafing) and 149.94 (Local).

3.93

1.61 3.45 1.50 1.50 3.19 1.57 3.41 1.57 3.40 2.11 1.58 3.95 1.98 2.48 4.14 4.14 4.14

2.24 3.07 1.88 1.18 2.06 2.25 2.46 3.18 2.10 1.96 2.61

...202.29 18.9 193.17 131.90 150.53 170.12 15.9 2.18 202.03 192.47 131.03 150.39 159.64 202.52 185.92 173.03

Currency chg from

Exxon and Occidental Petroleum, according to DEP-EKY.

However, DEP-EKY said it did not plan to invite bids for test drilling in the north-eastern Aegean, where output at the Prinos field off the island of Thassos has declined to less than 10,000 barrels a day.

The North Aegean Petroleum Company, an international consortium led by Denison Mines of Canada, which has operated the Prinos concession since 1974, has been unable to exploit other oil and gas fields off Thassos because of a dispute between Greece and Tur-key over oil in the Aegean.

US Dollar Index

190.10 174.46 208.89 137.90 147.80

297.68 186.28 179.44

272.68 79.31 230.43 402.80 386.90 164.00

311.60 235.99 167.23 230.22 250.44

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186.21 113.15
199.01 135.48
140.81 95.86
274.08 186.59
177.47 120.82
170.95 116.38
157.19 107.01
386.22 249.31
242.16 184.85
70.14 47.75
147.80 100.62
460.47 313.48
995.62 677.80
299.79 176.88
75.56 51.44
219.54 149.45
383.75 281.85
281.85 281.93
186.24 106.37
296.87 202.10
248.2 153.05
159.33 108.47
219.33 149.32
288.59 182.43

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129.87 155.50 102.66 110.03

214.15 138.68 133.58 122.82

282.26 217.47 148.05 163.32 191.85 230.76 173.81 200.87 191.37 130.28 149.53 1668.90 200.91 167.08 275.10 262.09 178.42 204.79 233.60 295.02 222.22 165.26 157.45 107.19 123.05 110.89 171.87 145.93 179.99 171.48 116.74 133.99 133.27 180.88 164.73 244.09 232.55 158.31 181.71 243.42 248.93 184.12 190.58 172.04 177.12 134.43 142.70 180.58 149.53 263.22 250.78 170.72 185.96 231.81 266.72 211.19 180.91 172.35 117.33 134.67 137.01 181.59 155.42 199.31 189.88 129.27 148.37 164.79 199.78 183.46 228.61 217.80 148.27 170.18 213.51 223.10 181.90

GRAINS AND OIL SEEDS

MARKET REPORT Copper prices at fresh lows

COPPER prices fell to 14-month lows at the London Metal Exchange yesterday, dragging most other base metals down with them.

Technically inspired selling in thin market conditions drove the three months delivery price to a 14-month low of \$2,630 a tonne before it ended the after hours "kerb" session at \$2,629, down \$28 from last

Friday. Three months NICKEL fell \$430, or 5 per cent, to a 71/2month low as stop-loss orders were triggered.

| 199.64 | 191.86 | 157.95 | 174.21 | 129.79 | 199.28 | 167.48 | 182.58 | 151.55 | 208.14 | 186.52 | 158.21 | 168.47 | 168.52 | 158.21 | 168.52 | 158.21 | 168.52 | 158.21 | 128.92 | 168.68 | 121.81 | 128.92 | 126.82 | 265.99 | 248.19 | 253.00 | 170.48 | 276.11 | 177.13 | 185.91 | 137.82 | 191.17 | 157.79 | 163.65 | 122.82 | 167.74 | 139.11 | 141.35 | 136.95 | 163.65 | 163.67 | 122.84 | 260.87 | 204.97 | 205.77 | 100.62 | 164.82 | 136.95 | 158.71 | 100.62 | 164.82 | 136.95 | 158.71 | 172.90 | 561.96 | 398.16 | 477.76 | 8769.47 | 1435.21 | 847.81 | 1433.21

122.82 167.74 133.11 141.35 286.16 361.54 389.39 277.40 326.97 189.22 222.84 280.87 204.97 205.77 54.81 87.08 82.71 85.45 73.57 115.49 100.62 164.82 136.85 156.71 359.84 472.90 561.96 398.16 477.78 777.98 8768.47 1435.21 847.81 1438.21 203.00 199.54 272.74 214.99 216.98 59.04 64.35 85.49 861.47 707.77 171.54 197.66 243.79 202.76 211.08 295.86 262.29 414.26 313.94 374.69 286.12 306.47 320.04 281.06 336.00 122.08 150.45 185.19 124.10 129.44 231.97 308.89 321.90 229.29 230.29 175.67 168.35 235.59 162.35 164.71 124.50 163.45 184.55 130.15 156.15 171.39 219.33 230.89 191.53 194.24 188.43 250.44 253.50 187.78 188.55

211,19 239,10

SOFTS

Compiled from Reuters.

Unnatural selection

Care is needed to ensure the survival of crop and livestock varieties

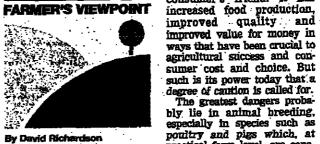
B iodiversity - govern-ments advocate it, con-servationists demand it, many farmers claim it is common practice on their holdings. But what is it?

The word is relatively new it is not even mentioned in my ancient dictionary - and may mean different things to different people.

In a general sense commitment to biodiversity means behaving in such a way as to ensure the survival of species We try to play our part on our farm by such measures as laying down grass strips around field margins; by allowing hedges to grow through the summer as havens for birds and insects and only trimming them in winter after the ber-ries have been eaten; by attempting to farm in tune with nature and not in opposition to it.

But growing specific crops for sale for pre-determined uses is by definition to reduce biodiversity. Moreover in our farming, as distinct from our conservation activities, the closest we can get to applying it is to grow a variety of crops in rotation. There is nothing new in that of course - the four-course rotation of wheat, turnips, barley and clover hay, reputedly developed in my own county of Norfolk, was being followed more than two centuries ago. Its practitioners realised that by alternating cereal crops with roots and grass over a four-year period they not only maintained soil fertility but greatly reduced the spread eases in the cereals.

Today, in the age of chemical control of disease, the rotation we use on our farm still means that we do not grow more than two white straw crops in succession before returning to a non-cereal break crop of, say, roots or oilseed rape. The main reason remains the same as in the 18th century - to try to minimise the spread of pests and diseases. This has economic as well as ecological advantages as it reduces the



need for expensive chemical We try to enhance biodiversity further by the selection, wherever possible, of a mixture of crop varieties. There are some types of wheat, for instance, which are susceptible

agricultural success and con-sumer cost and choice. But such is its power today that a degree of caution is called for. The greatest dangers probably lie in animal breeding. especially in species such as poultry and pigs which, at practical farm level, are capable of the fastest generation turnover. Because of the development of computer-aided breeding programmes it is pos-sible for geneticists to select for desirable traits from a small number of apparently ideal animals and get results more quickly than ever before. to certain strains of debilitat-But if in so doing they neglect

Most of the calves in the world may soon be related to just a few dozen superior bull families as breeders select from an ever-reducing gene pool

and die.

ing leaf diseases, such as yellow rust. Other varieties succumb to other strains. By growing a number of varieties with different susceptibilities it is possible, indeed advisable, for each farmer to limit his risk to a bad attack of one particular type of disease.
It has to be conceded, however, that the right variety mix

to limit the potential damage of possible pest and disease patterns may not always be the same as for highest yield and best marketable quality.

That, of course, is the weak-ness; farmers' legitimate and understandable desire optimise profits. That and the fact that the wonders of science now allow us to select for yield and cash return in a far more sophisticated way than ever before. Let there be no mistake, science has been, and remains, the farmer's and the

MEAT AND LIVESTOCK

III LIVE CATTLE CME (40,000bs; certs/fbs)

Self Dwy's Price change High Law Vol.

to select for old fashioned virtnes such as good legs, resis-tance to disease and a desire to reproduce, they are in danger of producing animals that may have incredible performance potential and quality characteristics but cannot stand, will not breed and tend to lie down

I am exaggerating, of course, and specialist breeders will always claim to avoid such pitfalls. Nevertheless, there is evidence to suggest that such problems have occurred and where they do I believe it is a direct result of selection from an ever reducing gene pool and too little use of that vital ingredient - the stockman's eve. In other words the science was OK but there was human error in applying it.

I have also become aware of the possibility of a similar phenomenon with cows. All over

consumer's friend. It has the world milk producers have increased food production, recognised the superior milk-improved quality and ing qualities of the Holstein Friesian breed. It has been developed, largely in North America, from original Dutch stock exported across the Atlantic many years ago. Today the breed dominates world milk production.

Moreover, in their search for ever greater milk yields as cow generation succeeds generation, dairy farmers seek out the best bulls in the world. Through the marvel of superovulation, whereby each superior cow can produce 20 to 30 eggs a year to be fertilised in test tubes and inserted in the wombs of host cows, and by the now virtually universal use of artificial insemination, whereby one bull can father tens of thousands of calves in his lifetime, the opportunity exists to produce vast numbers

of near "perfect" calves.

The danger is, however, that most of the calves in the world may soon be related to just a few dozen superior bull families. Furthermore, because all breeders are seeking to produce to the same ideal, they will be selecting from an everreducing gene pool. All of which is fine while the results are as planned; the cow herd of the world gives more milk every year, and there are no unexpected problems. But suppose one of those elite bulls had a congenital defect that did not show itself for a generation or two? Such is the potential influence of a single animal these days that the result could be catastrophic on a world scale.

The experts tell me that safeguards are in place and such an accident cannot happen. I hope they are right. Mean-while, here on this farm we will seek, so far as is possible, given commercial demands, to broaden the gene pool from which we select our breeding pigs and employ some traditional values alongside the science continuously to improve

COMMODITIES PRICES BASE METALS Precious Metals continued E GOLD COMEX (100 Troy cz.; \$/troy cz.) LONDON METAL EXCHANGE Sett Day's ces from Amalgamated Metal Trading M ALUMBRIUM, 99.7 PURITY (\$ per torne) 391.5 - 3.8 392.0 389.8 9.250 52,112 393.9 +3.8 394.0 389.8 417 15,760 395.9 +3.7 396.0 392.1 519 27,392 397.9 +3.5 394.5 394.5 10 -399.9 +3.5 - 247 3,292 402.0 +3.4 400.9 389.7 65 10,598 10,891 142,478 1675-76 1682-83 1997-98 10 -247 3,282 65 10,598 10,881 142,178 404.8 +6.6 405.0 338.0 1,727 1,289 408.3 +6.4 408.0 401.5 5,820 18,610 410.0 +6.4 408.9 403.5 ,625 2,867 411.7 +6.4 410.0 410.0 171 1,366 E ALIZHROUM ALLOY (\$ per tonne) 149**5-98** 1510-20 1495-505 1490-5 M PALLADIUM NYMEX (100 Troy oz.; S/troy oz.) 133.25 +3 60 133.75 130.00 254 134.75 +3.60 - - 12 137.25 +3.60 - -LEAD (\$ per tonne Close Previous 696-97 717-18 **698-99** 715.5-16.5 SILVER COMEX (5,000 Tray az.; Cents/tray az.) 711/683 697,5-98.5 685-8 99 101 1,358 63,389 101 9,580 81 7,603 10 8,889 3 5,248 1,652 98,585 534.3 +180 521.0 512.0 99 539.0 +18.3 5400 518.0 11,358 543.7 +18.4 544.0 522.5 101 548.0 +18.4 549.0 529.5 81 Kerb close 7,802 31,543 MICKEL (S per torme) 7525-35 7925-35 7700 7701-2 Close Previous High/low AM Official 7650-55 8040-50 Kerts close Open int. Total daily to 17.376 **ENERGY** ■ CRUDE OIL NYMEX (42,000 US galls. S/barrel) TIN (5 per torme) 6295-300 8335-40 6305/6290 6285-95 6330-40 CHANGE HIGH LOW VOX ACT. 10.08 19.55 19.41 29.548 84.322 10.07 18.15 18.98 8.730 45.427 10.03 18.72 18.62 3.374 29.328 10.01 18.18 18.09 1.644 35.653 10.01 18.00 17.54 633 16.623 10.01 18.00 17.54 633 16.623 6298-300 6305-10 4.505 13.540 Open int. Total daily turnove 1,644 35,853 633 16,469 42,870 353,354 EL ZBIC, special high grade (5 per torme) Close Previous High/low AM Official 1019-20 997.5-98.5 1003.5-4.5 M CRUDE OIL IPE (S/barrel 1025/1014 Latest Day's price change 18.44 +0.11 17.29 +0.10 997-98 11.087 79,400 Open int. Total daily tumover 17.49 +0.11 17.51 17.37 17.13 +0.05 17.16 17.13 16.95 +0.09 16.98 16.87 16.73 +0.02 16.78 16.73 IE COPPER, grade A (5 per torne Close Previous High/low AM Official 2629-30 2658-59 2653/2618 2805-10 2825-7 34,718143,845 HEATING OIL HYNE! (42,000 US gals.; cluS gals.) 2632-33 2639-30 Latest Day's price change Bigs 59.55 +0.50 59.75 67,751 164,760 Open int. Total daily lumover 58.50 25.533 82.451 55.90 4.929 23.708 52.30 552 5.340 50.20 498 6.927 49.20 715 8.125 48.85 466 4,712 M LAKE AM Official E/S rate: 1.5504 ing £/\$ rate: 1.5587 Spot: 1.5565 3 miles: 1.5531 6 miles: 1.5491 9 miles: 1.5456 Sett Day's price change 79gh Low 123.40 -2.70 125.70 121.40 121.10 -2.45 128.30 121.25 118.10 -2.45 118.30 177.15 115.50 -1.95 117.50 115.00 116.00 116.00 448 2.733 101 1,131 3,913 18,509 8 536 609 3,463 Sett Day's Quan price change High Lew Vot lat 176,25 -3.50 181,00 175,50 8,395 32,773 17200 -1.75 175.25 171.50 166.00 -1.75 175.25 171.50 160.03 -0.50 161.50 160.00 157.75 -0.50 159.00 158.00 155.50 -0.50 156.50 156.25 PRECIOUS METALS M NATURAL GAS NYMET (10,000 mmStal: Stranstal) 1 LONDON BULLION MARKET Prices supplied by N M Rethechild 2.750 10,831 37,824 2.260 3,699 23,151 1,940 1,820 15,918 1,820 763 13,273 1,765 274 10,850 1,750 246 8,678 2885 +0.266 2.295 +0.100 2.295 1.965 +0.064 2.000 1.855 +0.059 1.870 1.795 +0.039 1.800 I. Opening 387.10-387.50 Morning fix 387.10 Afternoon fix 389.10 Anternoon fix 389.50 Day's High 389.50-389.90 Day's Low 386.90-387.30 Previous dose 386.90-387.20 1 778 +0.029 III UNUEADED GASOLINE Loco Lein Mets Gold Lending R MMEX (42,000 US galla., c.7.15 galla.) fatest Day's price change 3 months p/troy ca 333.75 336.35 342.95 +0.58 58.75 58.00 +0.30 57.05 56.55 - 58.25 58.20 - 57.90 57.90 58.70 56.95 59.20 56.00 9,503 29,836 56.55 3,866 11,805 US ats equiv Silver Fix. Spot 3 months 6 months 3,866 11,805 835 5,742 306 5,067 220 2,883 169 1,033 526.45 57.60 540.00

56.15 +020 5625 56.05

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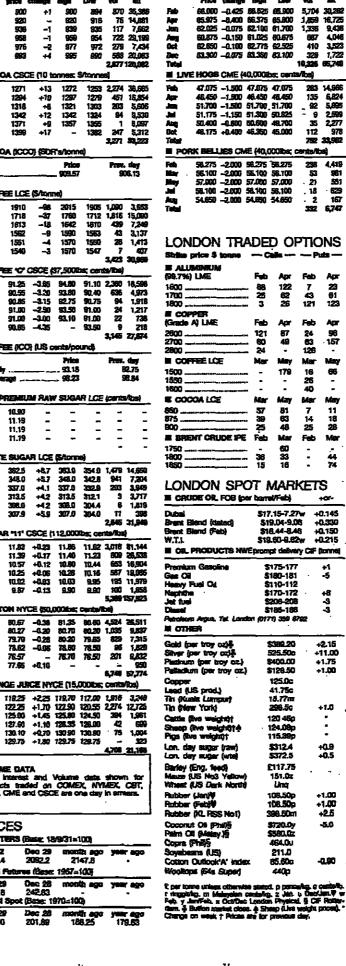
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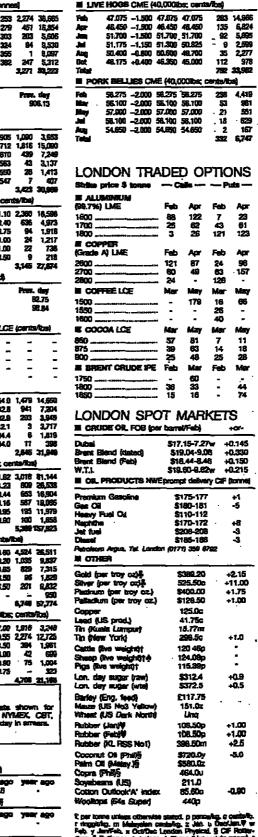
Gold Colm

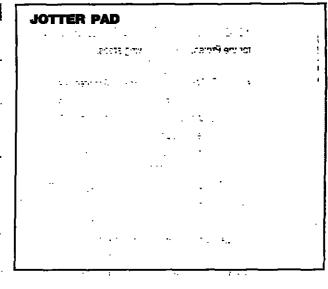
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ey i	479.00 446.00	-	487.50	478.00		8,554 29,320	May Jel	1294 1318	+18 +8	1297 1321	1279 1303	457 203	15,854 5,606
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ic i	452.75 385.00			385.00	-		Doc Mar	1399	+9 +17	1357	1355 1382		5,312
					14,544	20,235	Tatal	OA (ICC	OI (SIDE	rs/tonr	nei)	3,277	89,223
_	ZZE C8T					_	Dec 29			Ptic		Pres.	
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í P	372.75 315.25	+5	373.75	368.75 314.00	10,274	73,534	EL CO	TEE LOE	(S/toni	ne)			
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_	RLEY LC						Jal Sap	1562 1551	-9 -4	1570	1563 1550	28	1,413
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*	111.00	-	_	-	5	61	Mar May			94.80 93.80	91.10 90.40		18,598 4,973
80°	YABEAN	s टहा ह	5.0000pg	min; cati	17 12/5095 b		Jei	90.85	-3.15	92.75 93.50	90.75	94 24	1,918
P	748.50						Sep Dec	91.00	-3.00	93,10	91.00	22	738
er By				747.50 732.00			Mar Total	90.85	-4.35	-	93.50	9 3,145	218 27, 67 4
ĺ				751.50 748.00		26.635 1,993	M CO	FEE (ICC)		erits/pc	und)		
	725.00			721 DQ		2,152	Dec 29 Comp. d	.		Price 93.18		Pres.	केन 2.75
_	YASSAN	OIL CI	ST (60 <u>)</u> ,		•			rerage					E.84
	25.05	-258	25.17	24.96			₽ No7	PREMIU	M RAY	sugi	NA LCE	(cents	/los)
r Y	2585	+0.12	డక		2,775	40,765 13,545	Mar.	10.90	_	-	-		_
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7	241.2	+47	243.0	238.0	2,004	12,774	Aug Det	337.0 313.5	+4.1	337.0 313.5	332.9 312.1	203	3,945
1 73	243.2 236.7	+4	23Ê,Û	237.5 233.0	122	12,991 1,889	Dec	388.0	+42	308.0	304.4		1,519
*	2290	+2	2300	228.0	138 19,895	1,490 108,2 8 5	Mar Total	307.9	+59	307.0		2,545	31,946
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CROSSWORD

No.8,957 Set by DANTE

out the way to 1 Dad arrested - took fright (8) acquire a heavenly body (6) 4 Said sale was fixed and 2 A distressed condition (8) 3 Went into service (8) S Quiet chap's drink (6)
 Aggressive branch of the animal kingdom (6)
 Made eyes red although out of the animal kingdom (6) became aggressive (8) nately (6) Criticise article about Roman temple (8) the wind at first (6)

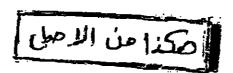
8 Point has a need to be put differently (6) 11 Sign of a pressing need (6)
12 Ardent, he may be following a 12 A couple of pages 13 Look for a mole (3) 13 Look for a mole (3) and praise (7)
14 Banishes to former French
15 Medical bag (3)
16 Go up and down (3) 17 Media make a stand about 18 A base got destroyed by false statement (7) enemy action (8) false statement (7)
21 Site includes a splendid resi
19 Creating concoctions in the

20 Working again in a new part-nership? (8) 22 Met line of equal pressure (6) 25 A British winter visitor (3) 26 Dance performed by N. Afri-can in the desert (8) 27 Possibly take work inside 23 All the wrong impressions (6) Kansas state capital (6)

24 A beast in distress lowers to:
25 I'm included in an American's hostility (6)

sentence (4,4) Weapon in bad repair (6) 30 Soldiers on ship accept rough seas or think again (8) 31 Asked for breakfast in bed (6)

Solution to Saturday's prize puzzle on Saturday January 13. Solution to yesterday's prize puzzle on Monday January 15. ..



Zantac to be displaced as top drug, says report

By Daniel Green

Zantac, the world's best-selling drug since the mid-1980s, will virtually disappear by 2000, displaced by newer drugs, according to a report published yes-

Zantac, the ulcer drug made by Glaxo Wellcome of the UK, will be replaced at the top by a rival, Losec, made by Sweden's Astra, says Lehman Brothers, the securities house, in its Pharma Pipelines review of the global drugs industry.

Losec, known as Prilosec in the US, will have annual sales of \$4bn by 2000. Sales in 1994 were \$2.2bn_

Zantac's sales will fall from \$3.7bn in 1994 to \$700m in 2000 as patents expire and competition drives down prices and The Lehman report forecasts

that it will be outside the top 40 best sellers. The anti-depressant Prozac, made by US company Eli Lilly, will enter the top five in 2000 with sales of \$3bn. In 1994 it brought in \$1.7bn, making it

the seventh best seller in that

Also rising will be Erythropoetin (Epo), developed by Amgen, the US biotechnology company, and which is licensed out to several other

drugs companies. Epo boosts red blood cells

Fire best-selling drugs in 1994 Drug Company Sales/92m Zantac Glaxo Wellcome (UK) Pfizer (US)/Bayer (Ger) Astra (Swe)/Merck (US) Proceedia. Heart Ulcer Ulcer Astra (Swe)/Merck (US)
Blood Amgen (US)/J&J (US) & others

Five best-seiling drugs in 2000 (forecast) Drug Astra/Merck Losec/Prilosec Ulcer Blood Epogen/Eprex Amoen/J&J/Chucai (Jap)

conditions including kidney dialysis, cancer, surgery and

Sales of Epo are forecast to rise from \$2.1bn in 1994 to \$3.5bn in 2000 as the drug moves from fourth to second in

the league table of best-sellers. Chasing the top five is Zoloft, an anti-depressant made by Pfizer of the US and chemically related to Prozac. It is forecast to move from 37th place to seventh by 2000. Sales will rise from \$718m to \$2bn.

Apart from Zantac, there are several older drugs likely to sell much less well by 2000 as competition from newer drugs increases and their patents

Among those losing ground the cashflow to justify current will be Cardizem, the blood levels of spending on research

Hoechst. Annual sales will fall from \$1.6bn to \$1bn by 2000 as the drug falls from ninth to 25th place.

Pfizer

Merck/Barryu (Jap)

drug made by US company Bristol Myers Squibb, will have sales of \$750m compared with \$1.5bn in 1994. Voltaren, a pain killer and anti-inflammatory used in

arthritis and made by Swiss

company Ciba, will fall from 16th place to 46th as sales decline from \$1.2bn in 1994 to \$750m in 2000. The report also forecasts further mergers and acquisitions in the drugs industry. It says that the rate of new product launches is unlikely to provide

pressure drug from Germany's and development.

Sanctuary in second US foray

By Conner Middelmann

Sanctuary, the UK Housing Association, has made its second successful foray in the US capital markets, raising \$80m via a private placement in late

The transaction follows a \$75m private placement in November 1994. The deals both with 17-year maturities have been swapped into ster-

ling, and are the first interna-tional bond issues by a UK housing association. Both were

arranged by Hambros Bank. The latest offering was priced to yield 105 basis points over the equivalent US Treasury bond - 15 points tighter than the yield spread on the previous issue. According to Mr David Knowlton, Sanctuary director of finance, three of the six US institutions which

invested in the issue already held bonds from the previous

offering.
"I believe this demonstrates that have with the comfort they have with Sanctuary Housing and also with the UK housing movement as a whole," he said. With over 22,000 units in management across the country, Sanctuary Housing is one of the largest developers of social housing in the UK.

US Treasury prices slip in early trading

By Lisa Bransten in New York and Antonia Sharpe in London

US Treasury prices slipped in early trading yesterday, but the long-bond yield remained below 6 per cent as traders took some profits while eyeing Washington for signs of progress in budget negotiations.

Near midday, the benchmark 30-year Treasury bond was down # at 112% to yield 5.982 per cent and the two-year note was 1 lower at 1001, yielding 5.183 per cent.

Some traders said the market's decline represented disappointment that the White House and the Congress failed to agree a deficit-cutting budget package over the new year weekend. Others attributed the slip to consolidation in the wake of last week's rally that sent the 30-year bond yield well below 6 per cent.

Bonds jumped briefly off ■ The UK government bond ber-Mit data. Analysts said the their session lows after the market lost about a half-point National Association of Purchasing Management said its index of business activity rose modestly to 47.3 per cent in December from 46.5 per cent in November. December's figure

would hit 47.8 per cent.
Ms Marilyn Schaja, an economist at Donaldson Lufkin & Jenrette, called the report "favourable from a bond market perspective" because of declines in the prices paid and new orders components of the

was less than the consensus

estimate that the NAPM figure

index The NAPM figures were paid particular attention because there have not been any government statistics for more than a week because of the government shutdown caused by the budget impasse in

Conservative MP Miss Emma Nicholson to the Liberal Demo-

Analysts said that the defection heralded a difficult year. for the government and fore-

BONDS

cast that the gilts market was likely to remain nervous as a

notential flashpoints this year, including two by-elections and local elections," sata Mr Don Smith, UK economist at HSBC Markets.

A stronger pound failed to support gilts, which were also unnerved by buoyant Decem-

figures upset the market because they backed up expecsoon after the opening in the because they backed up expec-wake of the defection of the tations of strong consumer

spending which could in turn prevent further base rate cuts. In addition, the market still tended to associate higher consumer spending with rising

inflation, analysts said. By contrast, gilts could find some support if yesterday's rumours that today's December purchasing managers' report would be weeker than

previously expected.
On Liffe, the March long gilt future fell by % to 110# in turnover of about 29,000 contracts. The yield spread over Germany rose to 160 basis points from 153 points before the new year break.

■ Elsewhere in Europe, government bond markets were generally stronger on the first

day of trading in 1996, in particular the high-yielders where investors sought to make gains through spread

Mr Mark Capleton, international bond strategist at BZW, said the prospect of slowing

economic growth in Europe also supported bonds. In Italy, government bonds rose by one point, causing the yield spread over Germany to narrow by about 10 basis points to 475 points, on the

back of a firmer lira The stage-managed nature of the latest political negotiations also impressed the market, dealers said.

French government bonds rose by about a half-point on hopes of further rate cuts. The yield spread over Germany was little changed at 62 basis points compared with 63 points on the

Several issues launched but response subdued

Several new issues hit dealers' screens yesterday, but the response was subdued, with many investors still formula-ting 1996 investment strategies.

INTERNATIONAL BONDS

"I have not heard a murmur of interest anywhere - most of our clients are spending this week in asset-allocation meet-

ines." said one official. Although activity is expected to pick up next week, tight swap spreads in the US dollar market will continue making issuance there difficult. "Given swap market condi-

tions, it is hard to find any issuer with institutional appeal," said another dealer. Most triple-A rated borrowers would have to issue bonds yielding flat on Treasuries in the three-year sector or at five to 10 basis points over Treasuries for five years if they

wanted to hit their sub-Lihor funding targets, he explained.
"The only thing you can do
right now are deals targeted at retail investors who have reinvestment needs and are less spread-sensitive than institu-

That was the thinking behind yesterday's two dollar deals, a \$300m five-year bond for GECC and \$250m of three vear bonds for the National

Australia Bank. The GECC deal was priced to yield 10 basis points over Trea-suries – tight, but in line with other outstanding bonds in that maturity. According to lead manager Union Bank of Switzerland, the bonds saw some institutional demand from UK investors, and are

otherwise aimed at Swiss and

Benelux retail investors. The NAB issue, priced to yield 12.5 basis points over Treasuries, was also targeted at retail investors and lead manager ABN Amro Hoare Govett said it would get placed over the coming weeks.

Up to 5 years (23) 5-15 years (21) Over 15 years (3) Irredeemables (6) All stocks (56)

Up to 5 years (1) Over 5 years (11)

FT-ACTUARIES FIXED INTEREST INDICES

122.97

150,21 166,38 191,39 144,81

Day's change %

-0.17 -0.28 -0.60 -0.98 -0.31

123.30

150.62 198.40 193.28 145.47

188.62 188.67

NEW INTERNATIONAL BOND ISSUES										
Borrower US DOLLARS	Assount In.	Coopen %	Price	Maturity	Fees.	Spread bp	Book-runner			
GECC National Australia, Bank	900 250	5.50 5.875	99.536R 99.83R	Jan.2001 Feb. 1999	-0.25R 0.20R	+10(5%%-00) +12%(5%%-98	UBS DABN Amro-Hoers Govett			
D-MARKS DSL Finance Sudweetl_B Capital Markets	1bn 500	5.00 5.876	99,40R 99,91R	Jan.2001 Feb.2002	0.25R 0.275R	+32(5%%-00) +13(8%%-01)	Deutsche/Salomon Brothers ABN Amro/UBS Germany			
STEPLING Banque Indosusz‡	100	(a)	99.79	Jan.1989	0.15		Barciaya de Zoste Wedd			
GUILDERS Rabobank, Nederland Rabobank, Nederland Crédit Local de France	500 500 500	6.125 5.25 5.75	99.31R 100.02R 99.94R	Feb.2006 Feb.2001 Feb.2003	0.325R 0.25R 0.30R	+18(8%-05) +13(8%-01) +17(7%-03)	Rebobenk Nederland Rebobenk Nederland ABN Armo Home Govett			
FRENCH FRANCS	. 25n	6.625	99.679	Jan.2005	0.3253	+17(6%%-04)	Banque Paribas			
ECUS CCCI;	150	(a) -	99.961R	Jan.1998	0.10R		Paribas Capital Markets			
AUSTRALIAN DOLLARS Socget Australia	100	7,75	101.27	Feb.2001	2.00	•	Hambros Benk			

Floating-rate note. R: these re-offer price; fees shown at re-offer level, a) 3-min Libor +1/4. b) 3-min Libor flat.

The only area that still offers decent swap arbitrage, fiveyear D-Marks, saw its first jumbo offering of the year: DM1bn of 5 per cent bonds for DSL Finance, the funding arm

0.12 5 yrs

The state of the s

0.00 15 yrs 1.02 20 yrs 0.00 lred.†

of the triple-A rated German

municipal financing agency,

via joint book-runners Deutsche Bank and Salomon Bros. Launched early in the day, the bands, priced to yield 32 basis points over German goveriment notes, were targeted

at Asian institutions and Euro-

5.89

7.61 7.69 7.78

Jan 2 Dec 29' Yr. ago

pean retail investors.

Meanwhile, the market was abuzz with rumours about a planned issue - possibly a global bond - by Walt Disney, which is expected to borrow up to \$5bn this year towards its \$19bn acquisition of Capital Cities/ABC last summer.

7.04 7.78 7.84

Jan Z Dác 29 Yr. ago

Jan 2 Dec 29 Yr. ago Jen 2 Dec 29 Yr. ago Jan 2 Dec 29 Yr. ago

8.91 8.73 7.85 8.74 7.73 8.74

8.97 7.70

8.73

WORL	LD BON	ID PRI	CES													
BENCH	IMARK	GOVE		ENT BO						FUTURES			250,000 po	inta of 100		
		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago	Strike Price	Feb	—— CA	Apr	Jun F	eb M	PUTS - F Apr	Jun
Australia	_	10.000	02/00	112.2700	+2.090		8.35	B.43	9950 10000	0.61	0.91 0.66			36 0.6 E1 0.9		
Austria Belgium		6.500 6.500	11/05 03/05	101.4300 98,7900	+0.480 +0.090		6.42 6.78	6.78 6.83	10050	0.36 0.19	0.46			61 LLS 94 1.2		1.80 2.12
Canada ** Denmark		8.750 8.000	12/05	111,5100 105,6200	-0.240 +0.280		7.32 7.42	7.55 7.58	Est. vol. 10	ani, Cate 274	1 Puts 1060	2. Previous	dey's open i	ML, Calls 14	8192 Puts 12	7224
France	BTAN	7.750	04/00	107,4850	+0.195	5.90	5.92	6.15	Italy							
Germany 8	CAT Burno '	7.750 6.500	10/05 10/05	108.0800 103.7700	+0.210 +0.400		6.77 6.12	7.02 6.35		WAL ITALI			P) FUTUR	es ·		
keland [*] Italy		8.250 10.500	10/04 09/05	92.3500 100.3700	-0.050 +1.010 1		7.59 0.89	7.77 11.34	(LIFFE	7 Lina 200m						
Japan -	No 129	6.400	03/00	118,3910	-0.180	1.70	1.48	1.40	Mar	Open 108.30	Sett price 109.14	+1.14	High 109.38	Low 108.25	Est. vol 27948	Open In 52038
Netherland	No 174 Is	4.800 6.750	09/04 11/05	111.8080 105.6500	-0.010 +0.440		2.74 6.18	2.78 6.38	Jun	107.80	106.64	+1.14	108.75	107.60	155	1236
Portugal Spain		11.875 10.150	02/05	112.8500 102.9400	+0.900			10.70 10.57	III ITALI/	UN GOVT. B	ONED (BTP)	PUTURES	OPTIONS	(TILLE) TP	±200m 100	ths of 100°
Sweden		6.000	02/05	85,1980	+0.348	8.39	8.66	8.98	Strike Price		······· CA Mer	ـــ علا برا		Mar	· PUTS -	Jun
JK GAR		8.000 8.500	12/00 12/05	104-19 107-09	-9/32 -7/32		6.86 7.55	7,16 7.77	10900		LSI	23		1.47		2.74
JS Treasur	a. •	9.000 5.875	10/08 11/05	111-10 101-29	-8/32 -3/32		7.70 5.77	7.89 5.83	10950 11000		1.35 1.12	2.15 1.94		1.71 1.98		3.01 3.30
	-	6.875	08/25	112-04	_	5.99	6.13	6.25		tal, Calls 3850					5 Pats 30731	
CU (Franc	ch Govi) ing, "New Yo	7.500	04/05	103.9600	+0.540	6.90 Yeide: Loc	7.09 	7.40 * atenderal	0l-							
Gross (Incl	luding within	olding tax at		cent payable		brits)			openi	NAL SPANI	SH BOND	Amee	(MARKET			
11086: US, U	JK in 32nds.	dithers in die				Source	MANS E	de resident	_ 10017	Open	Sett price		High	Low	Est. vol.	Open In
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Jih GD	120.68 119.76	121.18 120.18	+0.58 +0.44					4,922 815	Mar	90.32	90.74	+0.60	90.78	90.32	1,926	6,288
	TERM FRE															
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ica 8	Fet		A 1857 . SER	Jun	Feb	Mar 0.18		Jun -	US TR	EASURY BO						
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CURRENCIES AND MONEY

MARKETS REPORT

Europe's high-yielders get off to a good start

The lira and the peseta were the star performers yesterday as currency markets kicked off the new year taking their cue from the bond markets.

It was a case of continuing where last year finished off, with investors still clearly intent on pursuing the favourable yields on offer in the higher yielding bond markets. The peseta rose to Pta84.55 against the D-Mark, its highest level in a year, while the lira appeared to break decisively below L1,100 against the D-Mark, finishing at L1.094, its strongest level in three months, notwithstanding uncertainty about the

Volumes, however, were predictably low, so traders and analysts were wary about extrapolating trends.

The dollar had a mixed start to the year, with a sedate per-formance against the D-Mark offset by continued strength against the yen. The dollar fin-

from Y103.155, its highest level for 314 months, save for a brief upward blip in early November. Against the D-Mark it finished at DM1.4347, from

Sterling had a steady day, notwithstanding renewed political woes for the prime minister Mr John Major who entered the new year with his parliamentary majority trimmed fur-ther still It was helped by the generally weak tone of the D-Mark, closing at DM2.2335, from DM2.2222. Against the dollar it finished at \$1.5568, from \$1.5526.

The sang-froid shown by the currency did not extend to gilts and short sterling contracts losing ground as mar-

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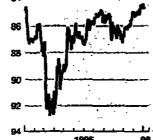
tations of cuts in interest rates. The June 1996 short sterling contract finished at 93.83, after opening at 93.90.

■ Trade in the dollar was light, with Japanese markets closed until Thursday. Sentiment, however, was buoyed by rumours that Japanese exporters were lightening their dollar sell orders, in anticipation of further yen weakness.

The technical outlook is bullish. Mr Brian Marber, an independent technical analyst in London, is predicting that the dollar is set to embark on its next upswing against the yen, with the initial target of Y108. His "no time limit" target is for Y120-130.

"The important point to bear in mind," said Mr Marber, "is that between September's peak and 27th December, the dollar unwound the largest three month overbought condition I have ever recorded while only falling a net Y1.45: only very

Acisinst the D-Mark (Pts per DM)



strong rates perform such

necessarily coincide with this view. Mr Carl Weinberg, chief economist at High Frequency Economics in New York, argues that there is "official interest at the Bank of Japan and Ministry of Finance to cap the dollar below Y104 from now through March. Higher

DOLLAR SPOT FORWARD AGAIN

levels prior to end-March will trigger accounting rules no one wants invoked."

After that, Mr Weinberg sees the BOJ engineering a move to Y118 in April with money flowing out of Japan into offshore bonds, anticipating an earnings sweetener through yen

Against the D-Mark, analysts were busy debunking the myth of the "January effect", which says that the dollar always ral-lies in January. Mr Marber says: "Since 1988, when it last underwent a major change of character, the dollar has always experienced large moves during the first two weeks of January, sometimes but not always in the direction taken during the first one/ three trading days." Going back eleven years, Mr

Weinberg concludes that "sta-tistically speaking, the odds are 50-50 of the dollar moving Mr Marber, though, takes

notes that since the dollar rallied off a low around DM1.35 in April, it reached a peak in September of DM1.4918, an advance of only 10.3 per cent off the low, compared to a normal 27 per cent rally.

■ Sterling's predicament was described by Mr Jeremy Hawk-Bank of America in London, as "a worry, but not a disaster

He said it was quite possible that the government would lose its absolute majority doubted whether the Ulster Unionists, on whose suppor the government depends. would be party to driving the

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5.95 5.85 3.75 3.75 8.26 6.26 10.50 10.67 3.40 3.40 week ago ECU ("Inked De Open int. Est. Vol High 95.10 95.28 +0.11 Est vol Open Int. 19218 186998 137661 12158 8891 6408 **MONTH SUMOLINA FUTURES (LFFE)* L**1000m points of 100% +0.12 +0.16 +0.14 +0.13 43572 22949 13302 6806 90.28 90.68 90.78 90.77 7985 2574 1064 345 points of 100% -0.02 -0.02 +0.01 +0.05 22545 12651 5179 550 98.34 96.41 98.32 98.11 1880 1388 485 75 Low Est. vol Open High 6582 4424 2304 1601 **E EUROLINA OPTIONS (LFFE)** L1000m points of 100% 0.40 0.49 0.60

COMPANY NOTICES

THE SCOTTISH PROVIDENT INSTITUTION

and its subsidiarie

SCOTTISH PROVIDENT ASSURANCE LIMITED PFM ASSURANCE LIMITED

SCOTTISH PROVIDENT MANAGED PENSION FUNDS LIMITED

moder Socion 49 of the Insurance Companies Act 1982 to transfer the long term of each of the above three subsidiaries to the Scottish Provident Institution wa

WORLD INTEREST RATES

Jan 2		Clasing mid-point	Change on day	Sid/offer spread	Dey's Nigh	Mid	One mo	entin %PA	Three m Rate	onthe %PA	One ye		Benk Eng. In
Europe					<u></u>		<u> </u>	,,,,,		201.11			
Austria	(Schi)	15.7122	±0.0771	042 - 202	19 7974	15.5858	15.6687	5.3	15.6247	2.2	_	_	10
Belokum	(BFri			982 - 345		45.4590		2.7	45.6314		44,9314	21	10
Denmark	(DKA			427 - 512	8.6523		8.6354	1.8	8.518		8.5595	1.0	10
Finland	(FM)			439 - 547	6.7547		6.7449	0.8	6.7368		-		8
France	ŒFri	7.8244		208 - 279	7.6351		7.6192	0.8	7.611	0.7	7.5646	0.8	11
Germany	(DM)	2.2335		325 - 344	2.2352		2.2283	2.8	2.2186	2.7	2.1751	2.6	11
Greece	(Dri			556 - 877		388,129							
reland	(32)			681 - 697	0.9899		0.9579	1.2	0.9868	0.9	0.9633	0.6	9
taly	ū			098 - 309		2426.41	2450,48	-42	2467.13		2539.98	-40	7
Luprembourg	(LFr)			982 - 345		45.45R0	45.8114	2.7	45,6314	2.5	44,9314	2.1	10
Netherlands	ŒÓ		+0.0118	993 - 019	2.5019	2.4733	2,4947	2.8	2.4843	2.6	2,4404	2.4	10
Norway	NKO			501 - 855	9.8855		9.8477	1.2	9.8262	1.3	9,745	1.1	9
Portugal	(Es)			567 - 895	232 AQ5	230.6R3	233.151	-22	234,056	-23			9
Spein	Plai	188.834		729 - 939		187.284	189.319	-3.1	190.284		194,489	-3.0	ě
Sweden	NAS)			982 - 145		10.2122	10.3083	-0.2	10.3119	-0.2	10.3271	-0.2	8
Switzertand	(SFri	1,8010	+0.0145	998 - 022	1.8018		1.7937	4.8	1.7801	4.6	1,7221	4.4	11
JK	, isi											-	8
Eau		1.2146	±0 0023	141 - 151	1.2154	1,2080	1,2135	1.1	1.2113	1.1	1.2033	0.9	_
SDRt	_	1.042700											
Americas		7.4.2											
Argentina	(Peso)	1.5565	±0.0042	581 - 589	1.5599	1.5423	_	_	_	_	-	_	
Brazil	(R\$)	1.5134		128 - 140	1.5164			_	_	_	_	_	
Canada	(CS)	2.1148	-0.0027		2.1194		2.1135	0.7	2.1104	0.8	2.1029	0.6	8
	y Pesol	11,9870		687 - 062		11.8888		-	2,,,,,	-	2,020		-
USA	(S)	1.5568	+0.0042	564 - 571	1,5801	1.5420	1.5563	0.4	1.5534	0.9	1.5421	0.9	9
Pacific/ Mi ddle			70.00 -	J. 0.1			1.000	4.4	1.000	-	187461	0.5	•
ustalis	(ASR	2.0940	אטעע עד	928 - 951	2.0989	2.0745	2.0955	-0.8	2.0993	-1.0	2.1158	-1.0	8
Hong Kong	(HACS)	12.0395	+0.0349			11.9252	12.0324	0.7	12.0244	0.5	11.9978	0.3	_
ndia	(Rs)	54.7976		697 - 255		54.3400	-		12027			-	
srael	(Shk)	4.8657		606 - 708		4.8406		_	_			_	
Aspan	(3)	161.848		757 - 936		159.310	161.013	6.2	159.508	5.6	153,168	5.4	13
Maleysia.	(MSS)	3.9560		543 - 577	3.9842	3.9210	101313	0.2	133.500	5.5	155,105	3.4	13
Navysia. Nav Zaeland	(NZS)	2.3831		813 - 849	2.3869		2.3861	-1.5	2.3931	-1.7	2.4172	-14	10
hiliopines		40.8375		088 - 881		40.8088	24001	-1-9	2.3001	-1.5	2.4112	-1,4	10
ringuparies Saudi Arabia	(Peso) (SR)	5.8388		371 - 404		5.7836	•	-	•	-	•	-	
		2.2033		020 - 045	2.2068		-	-	-	:	-	•	
Singapore	(53)						-	-	-	-	•	-	
South Africa	(F)	5.8701		676 - 725		5.6187	-	-	-	-	•	-	
South Korea	(Mon)	1207.65		730 - 800		1196.28	-	-	-	-	•	-	
Telwah	(5)	42.4510		352 - 668		42.0550	-	-	-	-	•	-	
Theiland	(Bt)	39.2223		979 - 467	39.2910		-	-	-	•	•	•	
† Rates: for Dec but are implied t Mid-rates in bot	अ ट्याका	t ingerest rat	es. Sterifra i	index catoutes	ed by the B	lenk of End	dand. Base	SVENIOR	1990 = 10	10. Index	rebæsed 1.	<i>1</i> 2/95. E	Fol Offer

1.8 10.0515
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0.8 4.9051
1.9 1.4283
-8.7 241.775
-0.3 1.6076
-6.2 1587.58
2.1 29.355
2.2 1.5979
0.4 6.3218
-3.0 150.84
-3.9 122.43
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0.8 1.5534
-0.3 12824 +0.0224 901 - 958 +0.005 900 - 000 +0.0125 630 - 560 -0.0067 330 - 380 +0.0071 984 - 988 +0.0034 344 - 360 +0.27 900 - 900 +0.0039 057 - 077 -17.77 635 - 900 +0.065 900 - 000 +0.065 900 - 000 +0.065 956 - 968 +0.074 288 - 358 +0.105 420 - 570 -0.0069 167 - 242 +0.0069 167 - 242 +0.0062 554 - 574 +0.0042 554 - 571 +0.001 815 - 819 Europe
Austrum
Desmari
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France
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Greece
Instant
Locamb
Netheria
Norway
Spain
Sweden 06.5 08.8 09.4 87.0 10.8 11.2 66.3 97.8 71.8 09.0 98.1 95.3 82.2 87.3 15.7 83.5 10.1080 29.5100 5.5638 4.3575 4.9080 1.4370 237,900 1.9105 1590.50 1.5077 8.3425 149,750 10.0775 29,443 5.5507 4.3305 4.9308 1.4324 238,675 1.8072 1575,53 29,443 1.834 6.33 149,87 28.4050 6.5400 4.3282 4.8810 1.4305 236.300 1.5935 1.593,5 29.4050 1.8019 6.3120 148.940 120.520 6.5982 1.1494 1.5420 1.2773 241.775 1,6078 1587.58 29.355 1,5979 8,3218 150.84 122,43 6,567 1,1466 1,5534 1,2824 - 998 - 999 +0.0002 720 - 723 -0.0054 582 - 587 -0.005 900 - 100 94.1 +0,0007 448 - 455 +0,0015 332 - 342 +0,035 900 - 100 -0,0105 230 - 281 +0,81 930 - 000 +0,0022 407 - 417 +0,0012 300 - 316 +0,0015 200 + 450 +0,0001 504 - 508 +0,0001 148 - 185 -0,0002 415 - 450 -0,0002 415 - 450 1.3450 7.7337 35.2000 3.1256 86.0 1,3455 1,3446 7,7342 7,7325 35,2500 35,1670 3,1448 3,1230 104,000 108,170 2,525 2,5384 1,5316 1,5300 26,2450 26,2200 3,7506 3,7503 1,4158 1,4138 3,8467 3,6416 103.5 2.5421 1.5338 5.1 -1.1 -2.3 3.1250 103.965 2.5412 1.5307 26.2325 3.7506 1.4153 3.6423 775.750 27.2690 25.1950 -0.1 3.7517 3.0 1.4058 -9.2 3.7214 -4.6 782.25 -0.9 27.328 -4.7 25.4975 1.4118 3.6703

EXCHANGE CROSS RATES 411.1 218.3 247.6 84.55 195.0 7.731 75.49 191.5 81.13 21.47 11.40 12.93 4.414 10.18 0.404 3.941 10 2.178 1.156 1.312 0.448 1.033 0.041 0.400 1.015 18.83 10 11.34 3.872 8.933 0.354 3.457 8.772 16.80 8.817 10 3.414 7.876 0.312 3.048 7.735 4,863 2,562 2,929 1 2,307 0,091 0,893 2,265 0,960 2.108 1.119 1.270 0.433 1 0.040 0.387 0.982 0.416 5.446 2.882 3.280 1.120 2.584 0.102 1 2.537 506.8 269.1 305.2 104.2 240.4 9.529 93.04 236.1 100. 22.45 11.92 13.52 4.617 10.65 0.422 4.122 10.46 4.431 3.922 2.063 2.362 0.807 1.861 0.074 0.720 1.827 4.606 2.446 2.774 0.947 2.185 0.087 0.846 2.146 0.909 3.389 1.799 2.041 0.697 1.607 0.064 0.622 1.579 5318 2624 3203 1094 2523 100. 976.4 2477 1049 1.183 0.513 2.166 0.939 1.240 0.537 2.233 0.969 1.056 0.458 1.435 0.632 1.380 0.598 1.838 0.797 1293 2369 1356 2442 1155 1569 1509 2010 6.221 9.561 5.473 9.857 4.661 6.335 6.092 8.113 123.3 225.7 129.2 232.7 110.0 149.6 143.8 100. 183.1 104.8 188.8 89.27 121.3 116.7 5.461 10 5.725 10.31 4.875 6.826 6.372 0.964 1.747 1 1.801 0.852 1.157 1.113 1.325 2.426 1.389 2.501 1.183 1.607 1.546 2.058 III D-MARK FUTURES (IMM) DM 125,000 per DM Latest Change 0.6997 +0.0009 0.7047 +0.0029 0.7048 -Change High -0.0043 0.9756 -0.0039 0.9865 -0.0037 0.9964 Low 0.6997 0.7035 High Est. vol. Ocen int. Open Labest 8.231 14 5 0.9745 0.9965 0.9964 48,454 2,871 1.089 0.9730 0.9851 0.9964 0.7017 0.7047 E STERLING FUTURES (MAN) 952.500 per £ SWISS FRANC FUTURES (MM) SFr 125,000 per SFr

Jan 2	Over- ruight	7 days notice	Oue Oue	Three months	Six months	3/997
Interbank Starling	6분 - 5	6 ⁵ 8 - 6 ¹ 2	614 - 614	616 - 616	6, 6,	616 - 616
Sterling CDs	•	-		6 ¹ 2 - 6 ₁₄	611 - 62	6 ¹ 4 - 6 ¹ 4
Treasury Bids	-	-	53g - 61g	64 - 6 ₁ 3		•
Bank 898	-	-	6월 - 6월	6 64	66 66	
Local authority deps.	6,2 6,4	6l2 · 6l8	67 67.	64 - 64	6,4 - 6,4	644 - 65
Discount Merket deps	612 - 6	5 ₁ 2 - 63	-	-	-	-
UK deenng bank bas	a lending rat	a 6½ per d	ant from De	cember 13.	1995	
	•	Uro to 1	1-3	3-6	6-9	9-12
		month	month	manths	months	months
						44

0.8713 -0.0018 0.8772 0.8815 +0.0006 0.8848 0.8895 +0.0013 0.8910

0.8713 0.8790 0.8865

	Ореп	Sett price	Change	Hìgh	Low	Est voi	Open int.
Mar	93.74	93.71	-0.04	93.75	93.70	T3991	89472
Jun	93.90	93 83	-0.08	93,90	93.80	23255	60752
Sep	93.94	93 84	-0.11	93,94	93.B2	13167	50428
Dec	93.83	93.72	-0.12	93,63	93.70	5277	36026
Mar	93.68	93.54	-0.15	93.66	93.53	4068	31251
E SHOR	T STERLING	OPTIONS	(나무) 않	00,000 pc	eints of 100		
		—— CÁT			16	PUTS -	Een
Price	Mer	Ju	i S	ер 	Mar	Just	Sep
Priçe 9356	0.26	. Ju	i S	57	0.05	Jun 0.12	0.23
Pnça 9356 9375	0.26 0.11	0 45 0 25	1 S 5 O. 7 O.	57 41	0.05 0.15	Jun 0.12 0.21	0.23 0.32
Strike Priçe 9356 9375 9400	0.26 0.11 0.03	9 45 0 25 0 16	1 S 5 Q. 7 Q. 5 Q.	57 41 28	0.05 0.15 0.32	Jun 0.12 0.21 0.33	0.23 0.32 0.44
Price 9350 9375 9400	0.26 0.11	9 45 0 25 0 16	1 S 5 Q. 7 Q. 5 Q.	57 41 28	0.05 0.15 0.32	Jun 0.12 0.21 0.33	0.23 0.32 0.44
Price 9350 9375 9400	0.26 0.11 0.03	9 45 0 25 0 16	1 S 5 Q. 7 Q. 5 Q.	57 41 28	0.05 0.15 0.32	Jun 0.12 0.21 0.33	0.23 0.32 0.44
Price 9350 9375 9400	0.26 0.11 0.03	9 45 0 25 0 16	1 S 5 Q. 7 Q. 5 Q.	57 41 28	0.05 0.15 0.32	Jun 0.12 0.21 0.33	0.23 0.32 0.44
Price 9350 9375 9400	0.26 0.11 0.03	9 45 0 25 0 16	1 S 5 Q. 7 Q. 5 Q.	57 41 28	0.05 0.15 0.32	Jun 0.12 0.21 0.33	0.23 0.32 0.44

BASE LENDING RATES								
Adam & Company 650 Adied Trust Bank 850 Alls Bank 675 Henry Anshacher 650 Bank of Baucia 650 Bank of Baucia 650 Bank of Sociand 650 Bank of Sociand 650 Bank of Sociand 650 Bank of Sociand 650 Bank of Mid East 650 Bit Bik of Mid East 650 Ciphers Shipley & Co Ltd. 650 Ciphers NNA 650 Ciphers NNA 650 Ciphers Roll 650 Credit Lycomiss 650 Cyphus Popular Bank 650 Cyphus Popular Bank 650	Duncan Lawrie	Royal Bit of Scotland 6.50 Singer & Fridander 6.50 Somit & Waters Secs 6.50 TSB						

	Mar	1.5496	1,5540	+0.00			1,5474	5.245	30,270
	Jun	1.5480	1.5500	+0.00	18 1.56	100	1,5455	8	29
	Sep	-	1.5444	-	-		-	1	5
,	ENG E	DODE		me E	uav II	ur-	DATE		
١.	ems el							-	
1	Jan 2	Ecu a		Rate	Crang		-√- trom	% spra	
		rates		nst Ecu	on den	, ,	खा. सर्वेड	A extension	est ind,
	Spein	162.4	93 1	59.337	-0.21	2	-1.94	5.78	14
	Netherlands			11156	+0.00294	9	~1.91	5.74	74
١	Belgium	39.39	50 3	3.7506	-C.352	7	~1.54	5.45	12
	Austria	13.43	B3 1	3.2643	-0.002	9	~1.29	5 08	9
	Germany	1.910		.88548	-0.0015	1	~1.29	5.07	13
-	Denmark	7.285	30 7	.30027	-0.0054	δ	0.21	3.51	-1
	Portugal	135.7		95 <i>.2</i> 83	-0.22	2	0.25	3.46	-2
	France	6.406		4224C	-C 00026		0.57	3.14	-5
Į	breignd	0.7922	14 Q.2	21702	+0.00122) =	3.72	0.00	-25
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1	NON ERM A					_			
	Greace	292.8		11 665	-0.09		6.42	-2.53	-
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ļ		0.7866		48804	+3 00156				-
	Ecu central rate Percentage cha	CC 365 CV UN		CCITATION	on Combo	365 270	n gescenta	A LOCATION 2	orengan. Arcest the
Į	ratio between	NO BOTTONOS	the perce	ande in de	marce between	en the i	ಕ್ಷಮತ್ ರಾಜಿಗಳ	or and Ecu :	central ratios
	for a currency,	सार्थ फेर एक	GLICH DAY	atted per	with egether	94.00 전	the current	y's market	हर्क गाउनी ब्रह्मा
1	ECu central rati (17/9/92) Starts	8. = = = = = = = = = = = = = = = = =			- 024 14				and Tomas
1	(11/2/22) 30010	همد بره ورا	ii Lira susp	- 100	11 E-24 -C	ير الحداد الدول	بحسون	CA national	111105
. 1	R PHELADE	EPHIA SI	1 £/3 OF	TIONS S	31.250 io	ents de	e cound		
	Strike			ILS			<u></u>	PUTS -	
١	Price	Jan		eb —	Mar	-	<u></u>	Feb	Mar
- 1			-						
- [1.520	3.05 2.20		.54 ~~	4.13 3.45	0.1		0.69	1,40
	1.530 1.540	1.41		62 23	290	0.		0.98 1.31	1.75 2.17
1	1.540 1.550	0.79		23 .79	2 43	D.		1.71	2.59
- (1.500	0.75		.,, 21	1.96	12		2.27	3.15
- !	1.570	0.15		26	1 53	2		2.86	3.57
٠	Previous day's		_			_	-	6 Puts 207,	
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ı						٠,			
-	A LIMBER 5	KONTH E	TRODOL		VI) \$100 px	व्यक्ति वर्ष	100%		
Į		Open	Latesa	Charg	е Но	ds.	Low	Est vol	Open Int.
- 1	Mar	94.68	94 67	-0.0			94.65	55.641	436,966
- 1	Jun	94.93	94,92	-0.61			94.88	58.518	388.951
•	Sep	94.98	94.99	_	35.6	30	94.94	27,168	250,494
_							-	- •	
1	AL US TREA	SUN7 (1)	T PUTU		A) 51.79 00	r 100%	·		
- 1	Mar	85.16	95.14	.0.0			0F 40	210	7.250
Į	Jun	95.37	95.36	+0.0	95.1 95.1		95.12 95.33	612 262	7.256 4.449
ı	Sep		95 39	-0.≃		-	95.39	4	133
i	All Open Intert						30.27	-	100
- [obs. upit	Ab- 44	- Post						
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ı									
•	E EURORU	JEK OPTI		E SMIT	n ports o	f 100%			
1	Strike		CA	US				PUTS	
1	Price	Jan	feb	Mar	Jun	Jan	Feb	Mar	Jun
ı	9625		0.23	0.25	0.40	0	0.02	0.04	0.08
ı	9650		0.23 0.06	0.08	033	D 06	0.10	D.12	0.08 0.15
ſ	9675		0.05 0.01	0.00	0.10	0.30	0.30	0.30	0.26
	- 74 G								

Table 4210 Pubs 1782. Previous day a open mt., Cabs 190557 Pubs 211185 ISSS FRANC OPTIONS (LIFFE) SFr 1m points of 10095

0.23 0.17 0.09

0.08 0.23 0.46

0.24 0.10 0.03

9825 9950 9675

NOTICE TO THE HOLDERS OF US1,500,000,000 UNITED LIBOR/CETES NOTES The Applicable Cete Rate for the period of December 28, 1995 to

CHEMICAL

KfW International Inc. Noral ITL 150,000,000,000. Floating Rate Notes due 1998 Notice is hereby given that from 29 December 1995 to 28 March 1996 (91 days) the notes will carry an interest rate of 10.18438% per

and ITL 1.287,192 per ITL \$0,000,000 pote Agent Bank: Société Européenne de Banque.

annum. Interest payable on 29

March 1996 will amount to ITL.

midnight on 31 December 1995. Copies of the Order of the Court structioning the Scheme and those other Orders dealing with ancillary matters (including the eventual dissolution of Scottish Provident Assurance Limited and PPM Assurance Limited) are available on application to the agents mentioned below. 128,719 per ITL 5,000,000 Note Société Anonyme FT RESEARCH conducting a series of reader research projects during 1995 and would at help. If you would like to take part, please return (by fax or post) the coupon below he: Ms B Lewis, MPG International, Garden, Studios, 5 Betterton Street, London WC2H 98P Fox 0181 741 9904 I address will not be used for any other purpose than readership

A: 11

Nafin Finance Trust II U.S. \$129,880,000 Floating Rate Notes due 1999 For the Interest Period 29th December, 1995 to 29th March, 1996 the Notes will carry a Rare of Interest of 8.2% per arman. The Coupon Amount per original U.S. \$10,000 Note will be U.S. \$5851 payable on 29th March, 1996. Bankers Trust Company, London Agent Bank

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CONTRACTS & TENDERS



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The instructions to Biddies and the Contract Documents will be available to inser-ented companies from December 20, 1995, until the day belone the documents delivery data, against payment in Brazilian currency of PS 150,00 (a bundred and

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or Secritário COPEL, / 86º Peyfo Alameda Santos, 1800 - 14º ander - conj. 148 11419-200 - São Paulo - SP, Grazil Phone (55-11) 289-1431

At the time of acquisition of the instructions to Bidders and the Contact Documents, the company shall present a letter consultring name and department of the person for contact, higher complete making address, phone and for. The delivery of the Custalization Documents and the Price Bids will take place on March 05, 1998, at 200 PML, at COPEL's Superintendêncie de Cloras de Geração meeting room, in Curlifice, 233 Voluntários de Priore Street, ground floor.

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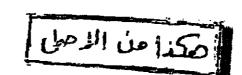
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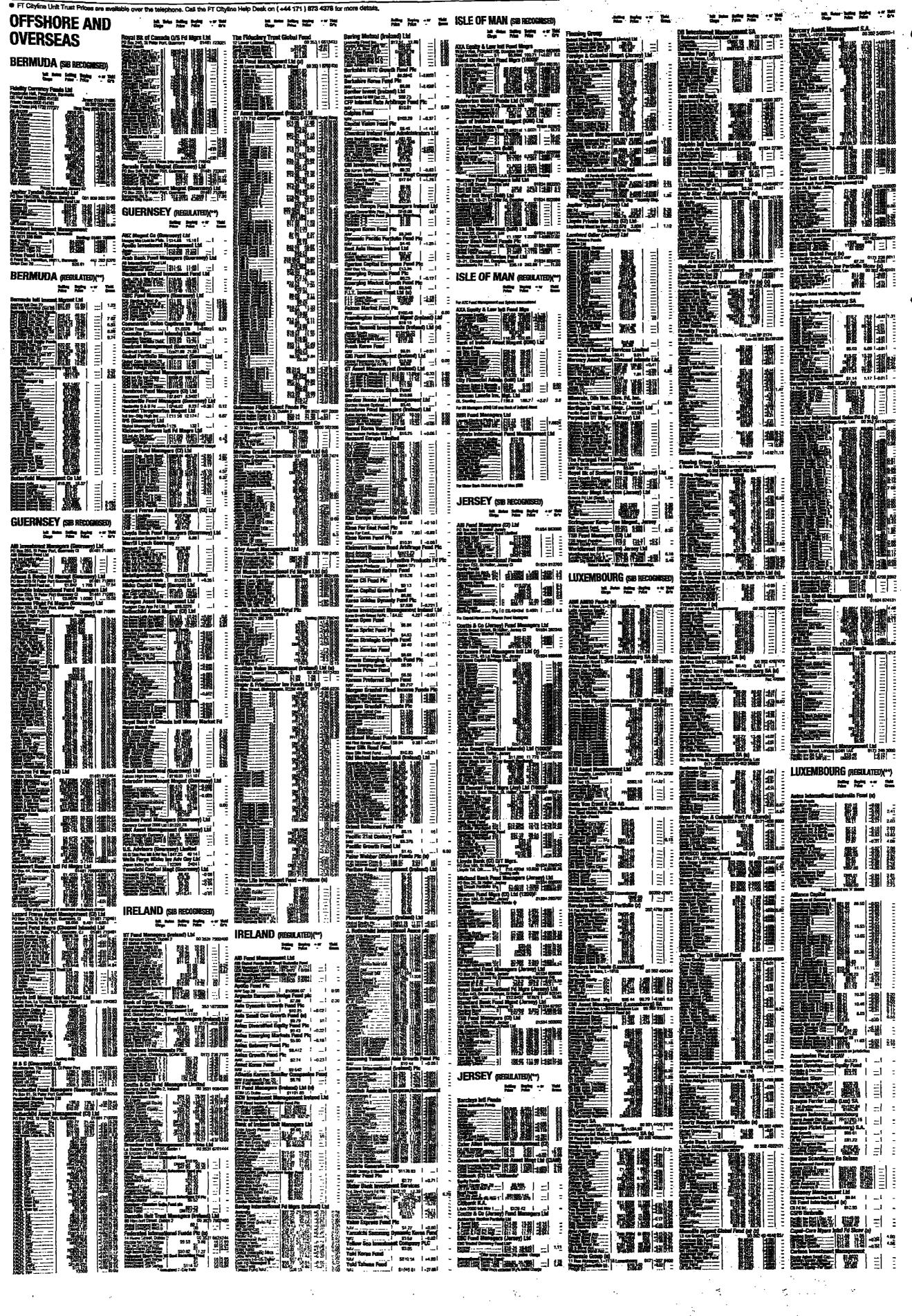
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Aguinet Dustro Telephone: 0171 409 3377 for details. RETAILERS, GENERAL - Cont. | Transport | Dec. | April | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1986 | 1 2 West | St. | Service | Transport | Transp

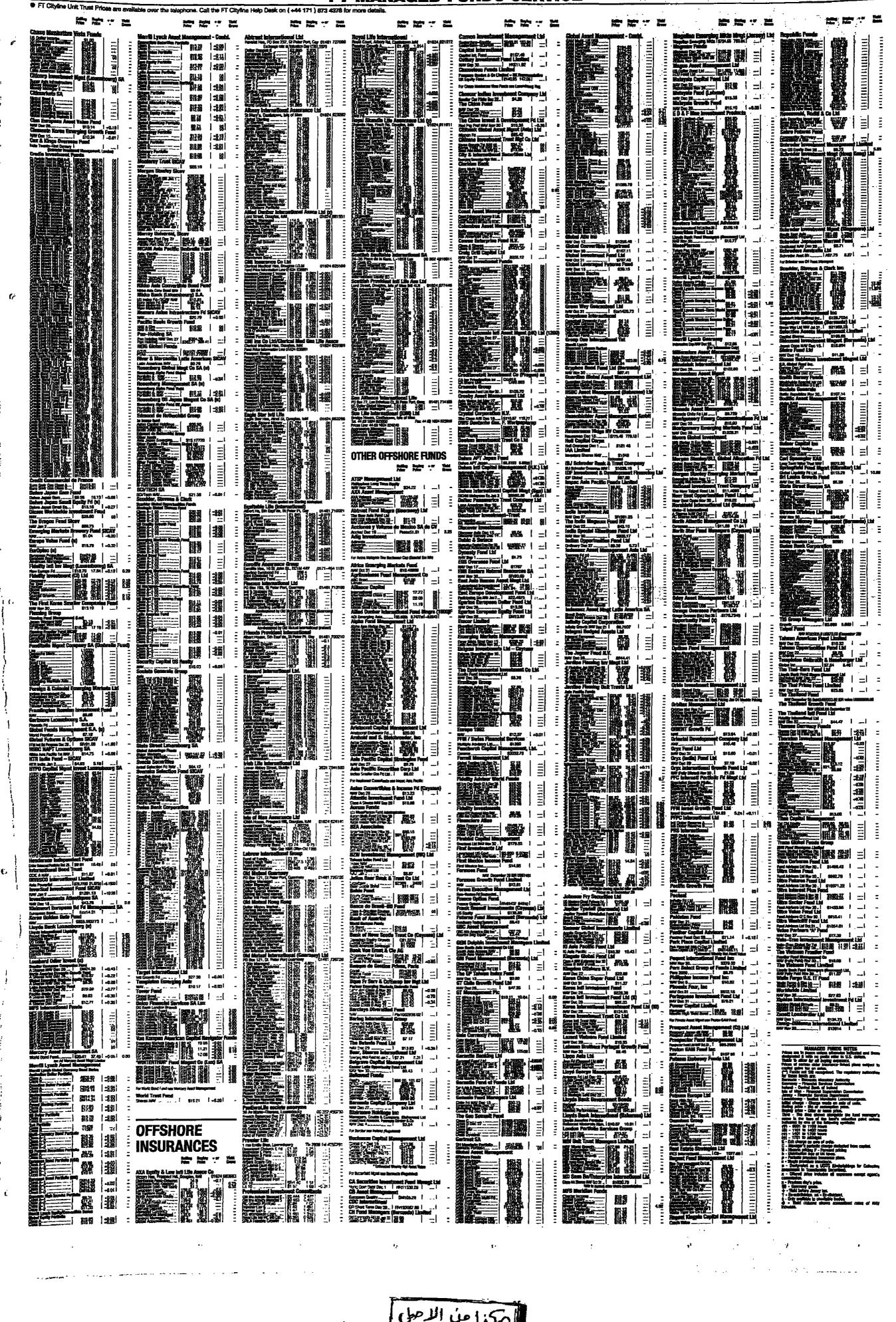
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FT MANAGED FUNDS SERVICE



FT MANAGED FUNDS SERVICE



LONDON STOCK EXCHANGE

MARKET REPORT

Wall Street rescues Footsie from political woes

By Philip Coggan, Markets Editor

Political worries were not. according to the consensus, supposed to hit the UK stock market until the second half of the year, But they made an early appearance yesterday, sending the FT-SE 100 index lower in the first trading session of 1996.

However, a strong performance by Wall Street, where the Dow Jones Industrial Average was 40 points ahead at one stage, reduced Footsie's losses. By the close, the leading index was 1.4 lower at

The day started well, with Footsie

racing to a new intra-day all-time high of 3,696.5, up 7.2, in the first minute of trading. But initial enthusiasm quickly evaporated, as gilts

were hit by political concerns. The weekend defection to the Liberal Democrats of Conservative MP Miss Emma Nicholson prompted renewed doubts about the stability of the Conservative government, especially as it was followed by press speculation about further potential defectors.

Most commentators had previously expected the Conservative government to last until 1997, with politics accordingly not becoming a significant market influence until the second half of 1996.

and BAe was off 4 at 793p.

C&W and Securicor were

flat at 460p and 885p respec-

The final defence document

The benchmark 10 year gilt fell by around a quarter of a point and short sterling futures, the market's vehicle for speculating on interest rate changes, became markedly less optimistic about the prospect for

rates in the later part of the year. At its worst. Footsie was 22.4 points lower at 3,666.9. The market had already erased some of its losses by the time Wall Street opened, however, and for the rest of the afternoon it was a race to see if the leading index could finish in

positive territory.
The FT-SE Mid 250 index performed better than the blue chips, finishing above its 1995 highs at 4,036.9, up 15.6 on the day.

Volume remained sluggish throughout the day, with only 450.9m shares traded by the 6pm count. The value of customer business last Friday, a half-day session, was a healthy £1.3bn.

As the new trading year begins, analysts are fairly cautious about the UK stock market's prospects. The team at SGST, which was among the most bullish in 1995, is similarly upbeat about 1996, forecasting that the FT-SE 100 index will end the year within a 4,000-4.250 range.

Mr Richard Jeffrey of Charterhouse, another of last year's more prominent bulls, is opting for Footsie to reach 4,000 by the end of the

J.Sainsbury was once again

responsible for a bout of price-

war worries affecting all the

food retailers. Sainsbury

launched a new year initiative

shares tumbled to 385p at one

point before rallying to close a

net 2 off at 391p. Argyll were

the same amount easier at

338p. Tesco, meanwhile, rose 5

to 302p as some institutions

The stock with the weakest

individual performance in the

FT-SE 100, and had the heavi

est turnover was Lloyds TSB.

where 11m shares changed

hands. Activity was said to

have been boosted by some

large-scale switching from

the banking sector by 10 per

cent last month, according to

He said both Lloyds and TSB

had been overbought in the

run-up to the completion of the

Lloyds TSB into Barclays. The latter underperformed

one bank specialist.

switched out of Sainsbury.

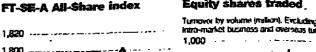
The supermarket group's

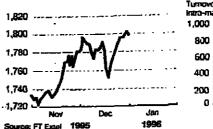
to cut the price of 200 items.

year. Mr Mark Tinker of James Capel has the same target.

But many other analysts are much less sanguine. Mr Tim Brown of UBS plumps for 3,800, a rise of just 3 per cent from the end-1995 Mr George Hodgson of S.G. Warburg Securities is expecting 3,750, with the market being battered by earnings downgrades during the spring reporting season.

Mr Steve Wright of Barclays de Zoete Wedd is also looking for 3,750 with the possibility that the secondliners in the Mid-250 index might outperform the blue chips. NatWest Securities is forecasting 3,700. leaving Footsie virtually unchanged on





1.760

1,740

Indices and ratios	;	
FT-SE 100	3687.9	-1.
FT-SE Mid 250	4036.9	+15
FT-SE-A 350	1831.6	+1.
FT-SE-A All-Share	1803.78	+1.2
FT-SE-A A&-Share yield	3.78	(3.8)
	_	

st performing sectors Paper, Pck & Print Leisure & Hotels .

1995 1996 FT-SE-A Non Fins p'e (16.70) +14.0 3717.0

Dec

Jan

-0.9

Equity shares traded

FT-SE 100 Fut Mar 10 yr Grit yield W.xte/

Pharmaceuticals ...

Tobacco

Telecoms stocks tremble

Mobile telephone groups yesterday discovered the truth of the adage - Christmas is not Christmas without presents.

An orgy of giving last year was followed by a round of bad publicity as people realised that a portable phone was not just for Christmas but for a binding contract of around 15

This year. Vodafone sales in December were down by 56 per cent over the same period last year and down by 23 per cent over the quarter. It is now almost neck and neck with Ceilnet, its closest competitor.

FINANCIAL TIMES EQUITY INDICES

in terms of overall subscrip-	from Forte, beseiged by the
tions. Cellnet, 60 per cent owned by	Granada Group, drew applause from the market, where Forte

	Jan 2	Dec 29	Dec 28	Dec 27	Dec 22	Yr ago	High_	'Low_
Ordinary Share	2696.7	2690.1	2678 7	2674.1	2660.5	2363.7	2696.7	2238.3
Ord. dry yield	4.03	4.03	4,05	4.05	4 07	4.42	4.73	4.02
P.E ratio nel	15.96	15 95	15,89	15.86	15.79	17.83	21.33	15.35
P/E ratio n/l	15.76	15.75	15,69	15.66	15 59	17.27	22.21	15,17
For 1995.96 Ordina Date: 1-755,	n Share	indu sinc	е соприл	han, hegh	27136 20	1294 low	49 4 JE/E	40 Base

tively.

Ordinary Share hourly	changes					
Open 9.00 10.00	11.00	12.00 13.0	30 14.00	15.00 1	6.00 Hilgh	Low
2694 3 2681.6 2676.7	2678.1	2681,3 2683	.6 2684.5	2689.0 26	96.0 2696.8	2674.3
	Jan 2	Dec 29	Dec 28	_Dec 27	Dec 22	Yr ago
SEAQ bargains	27,915	11,096	18,094	16,430	13.836	14,99
Equity turnover (Emit)		1297.5	840.0	780.5	829.0	751
Equity bargainst		13,072	20,354	18,781	17.818	26,31
Shares traded (milit		. 315.1	323.3	267.7	351.7	379

Rises and folks		Miles I. Liebe		1.00	•
Mises and icus		22 Week Digins	ena iques	LIFFE Equity option	J
Total Rises	730	Total Highs	132	Total contracts	
Total Falls	533	Total Lows	30	Calls	
Same	1.584	i		Puts	

BT and 40 per cent by Securishares put on an impressive cor, warned that its December display to close up 121/2 to 343p. figure would be "several tens of thousands" short of last almost 4 per cent higher. Turnover in Forte was a heavy 6.3m

year's figure of 325,000. And shares. One-2-One, the service offered Forte's defence included an by Cable and Wireless's 50 per £800m share buy back procent owned Mercury arm, is also expected to have suffered. posal, a final dividend increase of 21 per cent along with a 1996 profits forecast of £190m and The only group seen to have made headway over the year is dividend growth of at least 20 per cent per annum for the Orange, the group in which British Aerospace has a 30 per next three years.

Leisure specialists said Granada would have to increase its However, Orange's sales started from a lower base and offer by at least 10 per cent and the feeling of caution throughprobably more to have any out the sector ensured that all chance of winning the battle the companies and stakefor control of the hotels group. holders were weak. Vodafone Granada shares fell to 639p fell 41% to 226p with 3.5m traded, BT was down 2 to 352p before stabilising and closing a

net 3 off at 642p.

A mixture of revived takeover talk and new year tips was behind the latest upsurge in Ladbroke shares, which outpaced the rest of the FT-SE 100 constituents. They ended the session 91/2, or 6.5 per cent, higher at 156p.

I ONDON RECENT ISSUES: FOURTIES

Amt Daid	cato				Close		Net			P/E
цр	(Dm.)	High	Low	Stock	P	+	· div.	COY.	yld	net
FP				Cash Converters	25	+1	MV2.6	5.1	13.0	18.7
F.P.	23.6				118	+1	-	-	-	-
F.P.							-	-	-	-
							Av5.8	2.1	4.8	124
						+1	-	-	-	-
							-	-	-	-
							-	-	-	-
							-	-	-	-
							Lv4.4	3.5	28	13.1
							-	-	-	-
							Wv11.23	2.3	7.0	9.0
							-	-	-	-
							-	-	-	-
							-	-	-	-
						+4	-	-	-	-
	1.07						-	-	-	-
₽P.	3.15	312	3	Rushmere Wynne			-	-	-	-
F,P.	48.2	138	133	Unicom Inti	138	+1				11.5
FP.	175.3	253				+3	Lv3.5	2.4	1.6	29.6
F.P.		135			130		-	-	-	-
F.P.	47,8	68	55	Wilmington	67		¥-	-	-	31.5
		A Mark	et. For	a full explanation of all	other sym	nbols	please ref	er to	The L	ondon
							-		٠.	٠.
	FP.	FP 25.0 FP. 23.6 FP. 12.2 FP. 72.1 FP. 14.0 FP. 27.3 FP. 21.6 FP. 33.73.5 FP. 25.8 FP. 25.8 FP. 10.7 FP. 25.8 FP. 10.7 FP. 48.2 FP. 175.3 FP. 47.8	р (0m.) Hsgh FP 25.0 29 FP. 23.6 122 FP. 122 510 FP. 72.1 160 FP. 72.1 160 FP. 14.0 60 FP. 14.1 203 FP. 21.6 203 FP. 21.6 203 FP. 21.6 203 FP. 3.73.5 214½ FP. 8.59 78 FP. 9.13 78 FP. 9.13 26 FP. 25.8 17 FP. 48.2 39.5 FP. 48.2 39.5 FP. 48.2 39.5 FP. 48.2 39.5 FP. 48.2 39.5 FP. 48.2 39.5 FP. 47.8 39.0 135 FP. 47.8 39.0 135 FP. 47.8 48.2 136 FP. 47.8 39.0 135 FP. 47.8 48.2 136 FP. 47.8 48.	Page Page	Epr. Epr. Exp. Low Stock	card cap 1995/96 proce proce up (3m.) Height Low Stock p FP 25.0 29 23 Cash Converters 25 FP. 23.6 125 116 Certury frms 118 F.P. 12.2 510 500 10cm de Part Fn 510 F.P. 12.5 150 1492 Controurdth 151 F.P. 55.1 112 108 Cox insurance 112 F.P. 14.0 60 52 10cmm Products 33 F.P. 14.1 90 75 10catask 75 F.P. 13.5 28 23 1Memx & Oseas 23 F.P. 13.5 28 23 1Memx & Oseas 23 F.P. 3.5 214 198 National Gnd 1997 F.P. 3.5 214 198 National Gnd 1997 F.P. 3.5 35	pand cap tep8/96 price price	card cap 1995/785 pnce Net ofv. FP 25.0 29 23 Cash Converters 25 +1 Mv2.6 FP. 23.6 125 116 Certury Irms 118 +1 - F.P. 12.1 160 1492 Converters 118 +1 - F.P. 12.1 160 1492 Converter 151 -	Part Part	card cap tep8/98 by Big Stock price Net Div. Graver FP 25.0 29 23 Cash Converters 25 +1 Mv2.5 5.1 13.0 13.1 13.0 +1 Mv2.5 5.1 13.0 -

merger and were ripe for prof- Bid hints returned to lift Bank of Scotland 8 to 289p.

it-taking.
Lloyds TSB ended the ses The takeover speculation sion 121/2 off at 319p, having that began to lift the insurance touched 316p at one point. Barbrokers some weeks before clays, on the other hand, raced up 19 to 758p, with turnover reaching a highly respectable

Standard Chartered, the best performing FT-SE 100 share Peter John,

Christmas revived, helping Sedgwick move up 6 to 127p and Willis Corroon 5 to 146p.

MARKET REPORTERS:

					Thomps		
FT GOLD		$\mathbf{S} \parallel \mathbf{R}$	DEX				
	Dec 29	% ctus since 30/12/94	Mict Cap Son		Gross div yield %	P/E ratio	52 week High Low
Gold Milets lader (34)	1913.46	-32	48.36	100,90	1.77		2063.66 1637.91
III Regional kudices Alnica (16) Australgaio (6) North America (12)		-216 -35 +90		27.93 12.41 59.66	3.71 2.09 0.80	26.29 37.22 49.98	3191.21 2272.74 2807.57 1768.20 1831.00 1348.18

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ASDA Groupt

FUTURES AND OPTIONS

	Open	Sett pnce	Change	High	Low	Est. vol	Open Inc.
lar	3708.0	3717.0	+14.0	3728 0	3678 0	7830	61975
un .		37190	+15.0			0	1116
L FT-SE	MID 250 IN	DEX FUTUR	ES (UFFE	£10 per fi	ill index po	PI	
Mar .		4055.D	+15.0			0	3315

■ FT-SE 100 INDEX OPTION (山戸王) (*3583) \$10 per full index point
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197	9 21 ¹ 2 60	131 ¹ 2 153 ¹ 2 169	141 ₂ 29	115	251 ₂ 40 891 ₂	98 12	41	53 71 1 ₂ 121	63	321 ₂ 491 ₂	9	18 32½ 76	127	9	168

Dec 29 Dec 28 Dec 27 Vol. Glosing Day's 000s price change 3689.3 3676.7 3676.4 3065.7 4021.3 4007.5 3999.7 3496.2 FT-SE 100 FT-SE Wiki 250 FT-SE Mid 250 ex lav Tru FT-SE-A 350 FT-SE-A 350 Higher Yield FT-SE-A 350 Lower Yield 1832.7 -0.1 1833.8 1828.6 1828.2 1560.2 +0.2 1832.1 1824.7 1823.4 1510.9 2.89 3.20 3.42 3.78 1835.3 FT-SE SmallCap FT-SE SmallCap ex Inv Trusts FT-SE-A ALL-SHARE +0.2 1941.55 1938.82 1936.42 1747.65 +0.3 1917.81 1915.20 1912.13 1718.62 1 82 1.91 2 01 21.46 0.31 1573.98 19.18 0.26 1563.19 16.47 1.08 1500.25 +0.1 1802.57 1796.66 1795.71 1521 08 1803 78 **■ FT-SE Actuaries All-Share** Dey's Year Onv Jan 2 chge% Dec 29 Dec 28 Dec 27 ago yeld% ratio ytd Return +0.2 3249,89 3257.50 3282,03 2683,99 -0.3 4225.28 4238,38 4248,14 3762.22 +0.3 3293,22 3301.80 3326,95 2659,21 3.58 3.50 3.73 2.03 17.21 0.00 1370.44 2.56 13.96 0.00 1208.00 1.96 17.16 0.00 1424.53 1.54 35.51 0.00 1266.22 10 MINERAL EXTRACTION(26) 12 Extractive Industries(7) 15 Oil Integrated(3) 16 Oil Exploration & Prod(18) +0.6 2121.05 2116 30 2157.26 1875.52 20 GEN INDUSTRIALS(277) +0.1 1970.26 1958.31 1952.86 1827.35 4.19 1.89 15.78 0.18 1058 83 +0.2 1044.78 1039.53 1037.97 971.34 -0.3 1814.39 1801.94 1802.86 1763.81 2345.50 2330.87 2319.16 2266.45 21 Building & Construction(34) 22 Building Maths & Merchs(29) 23 Chernicals(23) 24 Diversified Industrials(21) 25 Electronic & Bect Equip(39) 2345.50 2330.87 2319.16 2266.45 +0.3 1784.59 1761.74 1756.94 1740.11 -1.1 2235.60 2241.74 2212.12 1853.18 +0.2 2176.16 2165.65 2168.14 1798.57 1.57 1.99 2.23 1.23 2.49 1.79 26 Engineering(71) 27 Engineering, Vehicles(13) 28 Paper, Polog & Printing(28) 29 Textiles & Apparel(19) 24.94 0.00 1287.74 12.83 0.39 1043.98 +0.7 2507.34 2487 13 2479.58 2170.23 +1.3 2511.96 2500 40 2503.04 2744.73 +0.4 1414.87 1424.79 1420.22 1525.15 14.26 0.00 851.7 h -0.1 3638.76 3823 54 3622.43 2798.37 -0.2 2905.17 2905.49 2895.48 2724.47 +1.0 2563.21 2558.00 2559.55 2315.03 30 CONSUMER GOODS(82) 32 Alcoholic Beverages(9) 16.00 27.06 1045 10 17.36 0.00 1148.32 33 Food Producers(24) -0.1 2703.07 2701 24 2699.54 2373.40. -0.3 1884.81 1896.13 1892 65 1572.00 -0.6 5121.38 5071.19 5065.66 3287.03 38 Tobacco(1) <u>-0.4 4807.23 4836.87 4879.23 3643.67</u> 5.01 1.94 12.85 0.00 1157 89 40 SERVICES(253) 41 Distributors(32) +0.2 2228.49 2223.08 2214.94 1888.68 3.04 -0.2 2571.64 2560.81 2543.43 2491.03 3.73 2.11 19.48 1.60 1145.64 1.77 18.90 0.00 934.30 2233.23 +0.2 3451,69 3438,08 3438,73 2796,06 -0.2 1886.59 1882.44 1878.32 1467.88 -0.1 2173.15 2165.86 2160.07 2215.56 60 UTILITIES(36) 62 Electricity(14) -0.3 2465.06 2447.88 2448.00 2419.98 -... 2728.38 2736.90 2736.50 2591 54 +0.8 1688.29 1685 09 1691.12 2092 25 -0.6 1992.82 1961.18 1960.47 1960 85 -0.9 2173.37 2162.32 2160,69 1813.65 69 NON-FINANCIALS(674) +0.3 2856.41 2853.97 2854.56 2136.41 +0.1 4036.29 4046.51 4043.68 2834.45 +0.2 3635.82 3698.56 3632.57 2950.37 -0.2 1428.82 1420.33 1429.71 1149.35 +1.6 3371.24 3350.05 3365.46 2326.96 +0.5 2361.56 2355.18 2361.08 1843.29 79 Property(41) +0.7 1425 64 1417.32 1412.08 1403.57 80 INVESTMENT TRUSTS(128) 3022.37 3021.50 3012.48 3015.37 2886.63 2.20 1.05 54.07 1.94 1047.27 89 FT-SE-A ALL-SHARE(909) 1803.78 +0.1 1802.57 1796.65 1795.71 1521.08 2.78 2.01 16 47 1.08 1500.2\$ +0.2 1106 41 1102.85 1100.89 1001.55 3.08 2.25 18.01 0.29 1146.27 +0.2 1109.99 1105.86 1103.34 1002.01 3.38 2.46 15.07 0.34 1148 31

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The Financial Times plans to publish a Survey on

Turkey - EU Customs Union

on Tuesday, January 16.

The European Union and Turkey are to establish a customs union or January 1 1996. This will extend the single European market to Turkey. presenting Turkey and EU companies with important new business' opportunities as trade barriers with Europe are dismantled and Turkey adopts European legal codes.

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Hourly changes

AT & T ahead on restructuring news

Wall Street

US shares began the year on an uneven note as blue chip stocks rallied, while the Nasdaq market slipped, writes Lisa Bransten in New York.

Positive reaction to an announcement of cost-cutting measures by AT & T. the telecommunications giant, helped the Dow Jones Industrial Average to a 41.55 point gain to

5.158.67 by 1 pm. The Standard & Poor's 500 added 1.90 at 617.83, while the American Stock Exchange composite fell 0.66 at 547.57. Volume on the NYSE was 202m

Analysts at Birinyi Associates said AT & T's \$3 increase to \$67% accounted for about 21 per cent of the Dow's rise. AT&T said it would take a \$4bn charge in the fourth quarter to pay for restructuring

Austria

Belgium

Finland ..

Norway ...

Sweden .

EUROPE ...

Australia ..

Canada .

Mexico ...

Switzerland

Hong Kong

New Zealand

Singapore

South Africa

WORLD INDEX

moves, including laying off \$% at \$88% but Silicon Graph-40,000 workers over the next

The Dow also benefited from its concentration of cyclical shares, which were generally

Rising cyclical issues in the Dow included Allied Signal, up \$1% at \$48%, Boeing, \$1% stronger at \$79%, Du Pont, which added \$1% at \$71%, and Minnesota Mining & Manufacturing, up \$1% at \$67%.

The Nasdaq composite. which is weighted toward technology shares lost 2.14 at 1,049.99 amid profit-taking in the biotechnology sector. Amgen, which had added more than \$9 in the final two weeks of last year, shed \$1% at \$57% and Chiron, more than \$13 stronger since December 18,

slipped \$3 to \$1071/2. Computer-related technology companies were generally stronger with Microsoft adding

% change | % change starting † | in US S †

+24.17

+14.22

+8.50

+35.04

+18.33

+18.89

+10.71

-1.28

+13.07

+14.72

+33.81 -26.86

+14.44

+25.12

+1.37

+15.10

+9.33

+36.07

+43.96

+19.24

+19.81

+11.56

-0.52

+13.93

+10.00

+15.60

+34.85

-26.30

+15.32

MARKETS IN PERSPECTIVE

-11.82 +14.81

+3.87 -7.83 +0.10 +6.89

-2.30

+2.24

+21.21

+19.23

+13.93

+18.81

+2.31

+10.60

+11.61

+3.88 +17.91

+74.81

+4.43 -7.83 +0.53 +5.48

+16.17

+15.38

+20.39

+19.24

+15.45

+2.06

+10.69

+11.54

+33.81

+2.38

+2.30 +15.91 +15.94 +17.78 +16.88

+0.11 +3.56

+0.78

+2.03

+0.69

-0.01

+7,11

+1.41

-1.18

+0.39

+1.15

+2.08

+5.42

+0.53

+3.11

+1.20 +3.04

+0.59 +0.86

-0.37

+1.94

+1.91

+1.27

+0.57

-0.35

+0.33

+1.00

-0.11

+0.53

ics, a NYSE-traded software company, sank \$5 or 18 per cent to \$221/2, after warning that slower-than-expected growth would cause second

quarter earnings to be about 4

cents a share below the 34

cents per share earned in the Toys 'R' Us added \$1 2 at \$231/4 after reporting that sales were up 7 per cent for the eight weeks ended December 24. US same-store sales for the same period, however, were up less

Canada

than 1 per cept.

Toronto overcame early weakness in midday trade and the TSE-300 Composite index was 12.37 higher by noon at 4,725.91 in volume of just 20.4m shares. Northern Telecom climbed C\$1% to C\$59% on expectations that bad news from AT & T might focus attention on Canada's largest telecommunications supplier.

Latin America

MEXICO CITY was up 44.39 or 1.6 per cent at 2,822.86 as investors were encouraged by expectations that interest rates would continue on a downward trend. In SAO PAULO the Bovespa index was up 756.73 or 1.8 per cent at 43,747 and the Merval index in BUENOS AIRES was up 16.90 or 3.2 per cent at

SOUTH AFRICA

Johannesburg edged higher. but in muted activity as many of the larger fund managers stayed away, and the overall index rose 22.1 to 6,250.5. Industrials, which led the day's gains, picked up 21.2 to 8,008.4 while golds, which hestitated around opening levels on a static bullion price, edged 3.1 higher to 1.346.6.

De Beers picked up 25 cents to R110.75 but Anglos slipped

Continent greets new year with rally

Open 10.30 11.00 12.00 13.00 14.00 15.00 Class

Dec. 27

FT-SE Eurotrack 100 1500.57 1502.21 1502.09 1503.82 1505.05 1505.38 1505.06 1506.80 FT-SE Eurotrack 200 1802.14 1502.77 1803.14 1804.65 1605.22 1605.80 1606.76 1610.53

Dec 28

1492 17 1597 69

FT-SE Actuaries Share Indices

1490.41

PARIS began the new year

on a high note as the CAC-40

index rallied 36.41 or 1.9 per

cent to 1,908.38. However, turn-

Friday, made up for lost time

to forge ahead to yet another

in the first quarter.

There was a strong start to the year throughout the continent,

but turnover was thin. FRANKFURT made strong headway and after the DAX index made 30.98 to 2,284.86, the Ibis motored to 2,307.70. Brokers said turnover at DM4.7bn was low and were uncertain as to whether there was enough momentum to push the index above its all time high of 2.320.58 set last September. Dealers said the day's gain could largely be attributed to a surge in bund futures which took the March

contract to a new high. Chemicals and financials vere in demand: Bayer gained DM7.20 to DM385.70, BASF DM8.50 to DM326 and Hoechst DM6 to DM395.

Escom, the computer group, dropped DM5.30 to DM18.20, off a low of DM17.80, after announcing at the end of last week that it expected to report a loss of around DM45m during 1996 owing to poor sales and high start-up costs in the UK.

record high. Brokers noted that investors were particularly keen buyers of financials and defensive stocks. The AEX index rose 9.89 or 2

Dec 22

THE EUROPEAN SERIES

over was just FFr2.8bn. Bro-kers said the day's gain had been exaggerated, and many per cent to 495.24. MILAN was unfazed by politinvestors were still banking on ical diversions with shares a further cut in interest rates instead taking their lead from the strong performance of bond Renault went in the direcfutures and the Comit index tion of the market, making FFr picked up 5.33 to 594.93 in rela-6.10 to FFr147.10, as investors tively subdued and low volume ignored news that the chairtrading, Ferruzzi picked up L21 man had been placed under to LI,044, and the rights by 14.7 per cent as the market awaited AMSTERDAM, closed last details of Mediobanca's public

STOCKHOLM jumped 1.4 per

buy offer.

cent in optimistic trade underscored by continued strength on the money market and news of the bid for Gambro, the medical technology group. The Affärsvärlden index rose

23.5 to 1,759.2

Incentive fell SKr17 to SKr273 as the industrial group said it was making a bid worth SKr155 a share, or a total of SKr10.3bn, for the shares in Gambro that it did not already own. Gambro jumped SKr26 to SKr152 and Astra rose SKr6 to a closing high of SKr271, after touching a new intraday high of SKr271.50.

The upbeat mood spilled over to HELSINKI where Orion B shares hit a 19 month high. up FM6 to FM128 as interest in the pharmaceuticals sector was spurred by the bid for Gambro. The Hex index rose 47.98 or 2.8 per cent to 1.752.18.

OSLO was higher, with the industrial and shipping sub-indexes showing the strongest performances. The all share index was up 10.27 at 743.23 in turnover of NKr54im. VIENNA talked about the sudden resignation of the finance minister, but the overall market was boosted by the positive tone throughout the continent. Mr Andreas Staribacher stepped down after nine months in office, citing disillusignment with domestic politics. The ATX index climbed 1.6 per cent to 975.27, its high-

ISTANBUL retreated sharply in quiet trade as volume shrank amid continuing political uncertainty.

est close since October.

The composite index shed 1,245.19 or 3.1 per cent to 38,779.38. Turnover decreased to TLASOObo.

Parliament is expected to convene next week after which President Suleyman Demirel is likely to appoint a prime minis

• Zurich was closed for a pub lic holiday.

Written and edited by Michael

Hong Kong advances 1.3% in mixed region

Regional markets had a day of HK\$64.50 and Henderson Land contrasting fortunes, although activity was muted in the absence of a lead from Tokyo. HONG KONG was 1.3 per

cent higher in moderate trading, boosted by a sharp premium in index futures, heavily bought by foreign investors. and the Hang Seng index jumped 131.48 to 10.204.87 in turnover that improved to

Brokers said that there was talk of a covered warrant issue on Hopewell, which was the most active stock for most of the day. The shares gained 7.5 cents to HK\$1.525, after touching a day's high of HK\$4.60, in heavy turnover of HK\$277m.

The government's relaxation of restrictions on the sale of unfinished flats benefited major property developers. Cheung Kong surged HK\$1.10 to HK\$48.20, Sun Hung Kai Properties jumped HK\$1.25 to

climbed HK\$1.20 to HK\$47.80. SINGAPORE was weak as speculative shares were hit by the stock exchange's censure last week of another prominent Indonesian businessman, Johannes Kotjo. He was reprimanded over what the exchange said were misleading statements about United Pulp & Paper after he launched

mpany on November 9. At the close, the 30-share Straits Times Industrials Index was down 8.47 points to 2,258.07.

a potential takeover bid for the

Speculatives that plunged included United Pulp & Paper, down 62 cents to \$\$2.05 and L&M Group Investment, 50 cents weaker at \$\$3.32. SPP, in which another Indonesian businessman, Henry Paribadi, has a stake, gave up 27 cents to

Was

firmer

SYDNEY

although turnover was low. The All Ordinaries index added 23.4 to 2,226.4. Brokers said expectations for stronger global economic growth in 1996 should lift

Markets in Tokyo, Wellington, Seoul and Taipei were closed for public holidays.

resources stocks, particularly those with exposure to base metal miners like CRA, Broken Hill, WMC and nickel producer

Ten brokers surveyed by Reuters said that they thought the All Resources sub-index would rise 11.1 per cent over 1996 and the All Industrials 9.6

per cent KUALA LUMPUR saw heavy. speculative buying of smaller capitalisation issues, while blue chips finished weaker in thin trading as fund managers extended their holidays.

COLOMBO was slightly The composite index gave up 1.99 to 993.18, while in contrast. down with turnover at its lowthe KLSE Second Board index est in three years. immed 12.14 or 4.1 per cent, to The all share index closed 310.80. The top six most actively traded issues were secdropped to SLRs6.6m rupees ond board companies, led by a from SLRs34.7m on December

M\$2.20 jump to M\$13.40 in KP Seribu Dava BOMBAY was weak, in

response to tight money conditions and a weak rupee and the BSE-30 index gave up 15.98 points to 3,11.96. Brokers said that sentiment was also hurt by news that the government has ordered the tobacco and hotels group ITC to pay Rs8bn

in overdue excise duties, and had been fined Rs650-Rs700m for having failed to pay the duties on time. The ITC share dropped Rs9 to Rs241. MANILA began the year slowly, ending lower in thin

shed 15.21 to 2.578.97.

trade with most investors still

absent. The composite index

in selected stocks and the index rose 0.987 to 48.672. But the A index dropped 19.234 or 3.3 per cent to 555.955 on news that Ningbo Shan-shan would

29, the previous trading day.

SHANGHAI's hard currency

B shares were 2.1 per cent

higher on institutional buying

issue 13m shares on the market on January 8. SHENZHEN'S A index fell 3.38 or 2.9 per cent to 113.64 as buying support evaporated.

The B slipped 0.51 to 58.97. The FT/S & P Acturaries World Indices today appear on

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HOW THE WORLD MARKETS PERFORMED IN 1995 KEY Australia Austria Canada Finland Local currency Index Figures below charts show Quarterly and annual capita changes (%) in local 1.2.3.4 = first, second, third fourth quarter changes Y = is the annual change 3 3 +3.36 +7.54 +14.61 -27.44 +20.13 +20.67 -7.78 -2.99 -17.71 +12.00 3 3 Apparama Austria Balgiam Balgiam Bargain Camada Doramari Holand Holand Holand Holand Majayain 10,0490 2938 0 9630 1 3419 5,5334 4 2725 4 2206 1 4275 7 7320 0,6160 99 73 25145 6,3650 1,5982 1,5300 1,5982 1,5300 1,5982 1,5300 1,5982 1,5300 1,5982 1,5300 1,5982 1,5300 1,5982 1,5300 1,5882 1,5300 1,530 15 8459 46.2624 1.5082 2.1918 8 7408 6 7428 7.7712 2.2521 12.2367 0 9779 2550.52 156.13 10343 18015 2.5407 219419 7.8950 119621 1.6080 2 4888 1.6080 2 4888 6.3251 9.8031 1.4128 2 1961 3.6462 5.6597 121.74 188 38 6.8980 10.2824 1.1535 1.7865 25.18 30 1088 1.6439 1.0000 1.0000 1.5526 2,5290 6,7850 1,5382 1,5274 6,1590 1,4115 3,5907 1,2568 7,3716 24,63 0,6139 1,0000

